

By Mr. ROMJUE: A bill (H. R. 4741) granting a pension to Isaac M. Crow; to the Committee on Invalid Pensions.

By Mr. SHORT of Missouri: A bill (H. R. 4742) granting an increase of pension to Lucretia Gibson; to the Committee on Invalid Pensions.

By Mr. SIMMONS: A bill (H. R. 4743) for the relief of George W. McAnulty; to the Committee on Claims.

By Mr. SWICK: A bill (H. R. 4744) granting an increase of pension to Hannah S. Evans; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4745) granting an increase of pension to Harriet T. Fry; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4746) granting an increase of pension to Sarah E. Cubbison; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4747) granting an increase of pension to Drusilla Hanna McIntyre; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4748) granting an increase of pension to Jane Cox; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4749) granting an increase of pension to Amanda Grayson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4750) granting a pension to Edith Patton; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4751) granting an increase of pension to Matilda Beighley; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4752) granting an increase of pension to Frances E. Book; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4753) granting an increase of pension to Elizabeth Chatham; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4754) granting an increase of pension to Nancy Gibson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4755) granting an increase of pension to Margret Winkler; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4756) granting an increase of pension to Susan Wilson McCracken; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4757) granting an increase of pension to Nancy E. Palmer; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4758) granting an increase of pension to Elizabeth Wimer; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4759) granting an increase of pension to Priscilla Wise; to the Committee on Invalid Pensions.

By Mr. THATCHER: A bill (H. R. 4760) for the relief of Guy Braddock Scott; to the Committee on Naval Affairs.

By Mr. THOMPSON: A bill (H. R. 4761) granting an increase of pension to Catherine Sells; to the Committee on Invalid Pensions.

By Mr. TIMBERLAKE: A bill (H. R. 4762) granting a pension to Neil Douglas Bromley; to the Committee on Pensions.

Also, a bill (H. R. 4763) for the relief of Russell H. Lindsay; to the Committee on Naval Affairs.

Also, a bill (H. R. 4764) granting a pension to Matilda Swartout; to the Committee on Pensions.

Also, a bill (H. R. 4765) granting a pension to Ollie E. Montgomery; to the Committee on Invalid Pensions.

By Mr. TURPIN: A bill (H. R. 4766) granting a pension to William Thomas; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

754. By Mr. BOHN: Petition of delegates from the 11 Western States, assembled in a fire-prevention and range-improvement conference at San Francisco, Calif., this 24th day of June, 1929; to the Committee on Interstate and Foreign Commerce.

755. By Mr. HADLEY: Petition of residents of Everett, Wash., urging increases of pensions for Civil War veterans and widows of veterans; to the Committee on Invalid Pensions.

756. By Mr. HOGG: Petition of the directors of the Noble County Farm Bureau, representing 527 farmers in Noble County, Ind., opposing any increase in tariff on any commodity other than agricultural products; to the Committee on Ways and Means.

SENATE

TUESDAY, October 22, 1929

(Legislative day of Monday, September 30, 1929)

The Senate met at 10 o'clock a. m., on the expiration of the recess.

Mr. FESS. Mr. President, I make the point of no quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Allen	Fletcher	Jones	Schall
Ashurst	Frazier	Kean	Sheppard
Barkley	George	Kendrick	Shortridge
Bingham	Gillett	Keyes	Simmons
Black	Glenn	King	Smoot
Blease	Goff	La Follette	Steiner
Borah	Goldsbrough	McKellar	Stephens
Bratton	Greene	McMaster	Swanson
Brock	Hale	McNary	Thomas, Idaho
Brookhart	Harris	Moses	Thomas, Okla.
Broussard	Harrison	Norbeck	Trammell
Capper	Hastings	Norris	Tydings
Connally	Hatfield	Nye	Vandenberg
Copeland	Hawes	Oddie	Wagner
Couzens	Hayden	Overman	Walcott
Cutting	Hebert	Patterson	Walsh, Mass.
Dill	Heflin	Pine	Warren
Edge	Howell	Reed	Waterman
Fess	Johnson	Robinson, Ark.	Watson

Mr. FESS. The junior Senator from Ohio [Mr. BURTON] is still detained from the Senate on account of illness. I ask that this announcement may stand for the day.

Mr. NORRIS. I wish to announce that the Senator from Arkansas [Mr. CARAWAY], the Senator from Indiana [Mr. ROBINSON], the Senator from Montana [Mr. WASLH], and the Senator from Wisconsin [Mr. BLAINE] are absent on business of the Senate.

Mr. SCHALL. My colleague [Mr. SHIPSTEAD] is absent, ill. I will let this announcement stand for the day.

The VICE PRESIDENT. Seventy-six Senators have answered to their names. A quorum is present.

SPEECH OF SPEAKER MANUEL ROXAS, OF THE PHILIPPINES

The VICE PRESIDENT laid before the Senate a resolution unanimously adopted by the Municipal Council of Panay, Capiz, P. I., indorsing the speech delivered by Speaker Manuel Roxas, of the Philippine Legislature, before the Finance Committee relative to proposed independence for the Philippine Islands, which was referred to the Committee on Territories and Insular Affairs.

PUBLIC SERVICE COORDINATED TRANSPORT

The VICE PRESIDENT laid before the Senate a communication from the Comptroller General of the United States, transmitting, pursuant to law, his report and recommendation concerning the claim of the Public Service Coordinated Transport, successor by consolidation to the Public Service Railway Co., of Newark, N. J., against the United States, which, with the accompanying paper, was referred to the Committee on Claims.

REPORT OF POSTAL NOMINATION

Mr. GEORGE (for Mr. PHIPPS), from the Committee on Post Offices and Post Roads, reported the nomination of Henrietta E. Butt to be postmaster at Buena Vista, Ga., which was ordered to be placed on the Executive Calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. FESS (for Mr. BURTON):

A bill (S. 1912) granting a pension to Henry Meyers (with accompanying papers); to the Committee on Pensions.

By Mr. BLEASE:

A bill (S. 1913) to make illegal opium and narcotics contraband; and

A bill (S. 1914) defining and punishing vagrancy in the District of Columbia; to the Committee on the Judiciary.

By Mr. NORRIS:

A bill (S. 1915) to amend section 649 of the Revised Statutes, as amended;

A bill (S. 1916) to amend section 1025 of the Revised Statutes of the United States; and

A bill (S. 1917) to amend an act entitled "An act to make persons charged with crimes and offenses competent witnesses in United States and Territorial courts," approved March 16, 1878, with respect to the competency of husband and wife to testify for or against each other; to the Committee on the Judiciary.

By Mr. SHORTRIDGE:

A bill (S. 1918) for the relief of Irene Strauss; to the Committee on Claims.

A bill (S. 1919) granting a pension to William Hecker; to the Committee on Pensions.

By Mr. ROBINSON of Indiana:

A bill (S. 1920) granting a pension to Isabel Shepard (with accompanying papers);

A bill (S. 1921) granting an increase of pension to Nancy J. Buck (with accompanying papers); and

A bill (S. 1922) granting an increase of pension to Malinda J. Pope (with accompanying papers); to the Committee on Pensions.

By Mr. REED:

A bill (S. 1923) granting a pension to Marie M. Bricker (with accompanying papers); to the Committee on Pensions.

A bill (S. 1924) to apportion the expenses incident to manufacturing operations conducted by the supply branches of the Army; and

A bill (S. 1925) to regulate the use of materials required for the manufacturing operations conducted by the supply branches of the Army; to the Committee on Military Affairs.

By Mr. CAPPER:

A bill (S. 1926) granting a pension to Mary Jane Glenn (with accompanying papers); to the Committee on Pensions.

By Mr. HAYDEN:

A bill (S. 1927) granting a pension to Frank J. Gillick alias Belyea; to the Committee on Pensions.

By Mr. TRAMMELL:

A bill (S. 1928) granting a pension to Elmira D. Briggs; and

A bill (S. 1929) granting a pension to Frances Nora Clevenger; to the Committee on Pensions.

AMENDMENTS TO THE TARIFF BILL

Mr. GEORGE, Mr. PATTERSON, and Mr. THOMAS of Idaho each submitted an amendment, and Mr. COPELAND submitted two amendments, intended to be proposed by them, respectively, to House bill 2667, the tariff revision bill, which were severally ordered to lie on the table and to be printed.

TARIFF ON COTTON

Mr. HEFLIN. Mr. President, I submit an amendment to the pending tariff bill, which I ask may be read and lie on the table.

The amendment was read and ordered to lie on the table, as follows:

On page 146, after line 8, insert a new paragraph, as follows:

"PAR. 781. Cotton having a staple of $1\frac{1}{8}$ inches or more in length, 7 cents per pound; having a staple of less than $1\frac{1}{8}$ inches, 4 cents per pound."

On page 255, line 12, strike out "cotton and cotton waste" and insert in lieu thereof the following: "cotton waste."

"SOUTHERN INDUSTRY AND THE LABOR SITUATION"

Mr. OVERMAN. Mr. President, I hold in my hand an able address written by Richard H. Edmonds, editor of the Manufacturers Record, and delivered at the fall conference of the secretaries of the National Metals Trades Association in Washington, D. C., on the 12th instant, on the subject of Southern Industry and the Labor Situation, which I ask may be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered. The address is as follows:

Mr. Chairman and gentlemen, I bring you greetings from the editor of the Manufacturers Record, Mr. Richard H. Edmonds, and his sincere regrets that he is unable to be here himself. It is a pleasure to present his message, and I thank you for the opportunity to do so.

Merely by way of introduction to the paper prepared by Mr. Edmonds on Southern Industry and the Labor Situation, I may say that for nearly 50 years the Manufacturers Record has been endeavoring to aid in the upbuilding of the South—that great region stretching from Maryland to Texas. In population and area it represents approximately one-third of the United States. It has now 41,000,000 people, which about equals the entire population of France. The South's total wealth is over \$80,000,000,000 and it is now producing more than \$10,370,000,000 of manufactured goods annually, or nearly equal to the value of manufactured products of the United States in 1900. In addition, its agricultural output has an annual value of \$5,250,000,000, or more than one-third of the country's total. Therefore, while the South is one of the greatest agricultural regions of the country, its industrial wealth-producing capacity has outstripped its farming revenue until to-day the value of the South's manufactured output is double that of its agricultural production and exceeds by 30 per cent the value of manufactures in the New England States, long the dominating industrial center of the Nation.

This briefly sketches the vastness of the field to which your association may well give more serious attention, especially at a time when outside labor agitators and communists are stirring up strife. This communistic, radical, labor vanguard in actions and results reminds one of a Southern mule story.

It seems this mule ran away, throwing the colored driver, Old Mose, out of the wagon and wrecking the wagon in a ditch, the mule finally winding up in a barbed wire fence along the roadside. When the mule's owner came upon the scene he exclaimed to Mose, "That mule certainly must be crazy!" but Old Mose, rubbing his bruises, replied, "No, sah; dat mule, he jes' don't give a damn." American industry and honest labor must keep runaway mules of radicalism from destroying property and people in their mad dash down the orderly highway of business.

Your national secretary, Mr. J. E. Nyhan, in his request for some expressions of opinion from Mr. Edmonds in regard to the industrializa-

tion of the South and its labor situation, brings up many questions which can scarcely be answered in one brief paper. However, in outlining some of the high lights of the subject, Mr. Edmonds asks me to present the following:

EARLY TREND OF SOUTHERN INDUSTRY HALTED

To comprehend the labor situation in the South one must go back to the days prior to the Civil War and understand how the early trend of Southern thought to industrial development was halted by the invention of the cotton gin; but how, when cotton reached its lowest price in the early forties, the thought of the South again turned to industrial and railroad development.

Between 1850 and 1860 the South led the country in the building of railroads, and practically every great railroad line existing in the South to-day was projected during that period, but the construction of these lines was made impossible in most cases by the war and the disastrous conditions following that struggle. There was also a marked revival during that decade of industrial expansion, as the South was again catching the spirit of the early days when in colonial times its people were industrially minded. The pioneers of the South have been referred to as having been born with a genius for iron making. Wherever they went they built their forges and bloomeries. The revival of this spirit between 1850 and 1860 brought into existence thousands of small industries in the South which, however, were wiped out by the result of the Civil War.

RESULTS OF CIVIL WAR UPON EMPLOYMENT

You can better understand the conditions which prevailed for years after the end of the Civil War by remembering that 4,000,000 slaves were suddenly turned loose to look out for their own welfare. If you were to-day to take a factory employing a thousand hands, suddenly wreck it, and tell the thousand employees that each must look out for himself and establish a little shop of his own, the disorganization thus created would be relatively no greater than was the turning loose of 4,000,000 slaves from the guiding hand of those who had taught them how to plow and plant and reap.

Poverty, such as few countries have ever experienced, was also the lot of the South at that time. The result was that millions of people could not find employment in the South, and between 1865 and 1900 about 5,000,000 southern-born whites left the central South from Virginia to Louisiana, migrating to the North and the Pacific coast, and to Texas. Even this migration still left a vast surplus labor supply in the South. These conditions developed tenant farming on a scale unfortunate for the welfare of the country. That system still prevails. Large landowners find no way in which to secure a return from their land except through inducing tenants to farm on the share-crop system, in which a lien is given on the crop to be raised before the seeds are planted, often amounting to a mortgage on the very soul of the tenant. Naturally the result has brought about continued impoverishment of the tenant farmers and an increase in tenantry both of whites and blacks.

INDUSTRIAL EXPANSION OPENED WAY FOR EMPLOYMENT

This is closely connected with the industrial potentialities of the South because every factory built and every mine opened creates additional employment for the tenant farmers, thousands of whom are gladly abandoning their little farms and seeking employment in industry. Moreover, in the whole Appalachian Mountain region of the South it is estimated that there are about 7,000,000 people known as mountain whites, many of whom are still living many miles away from a railroad, and with no industry in which to find employment.

As cotton mills and kindred enterprises have increased in the South these mountain people and the small tenant farmers have eagerly sought employment. The rate of wages, measured in dollars and cents, is lower than in the North and West for two reasons: First, because of the surplus supply of labor; and second, because the cost of living is very much less in the South than it is elsewhere. Climatic conditions bring this about, for less fuel and less clothing are needed in the South than in the North and West.

LABOR SUPPLY KEEPS AHEAD OF DEMAND

Some years ago it was thought that the increase in cotton manufacturing which was under way would take up this entire surplus labor and bring about a scarcity. On several occasions I was severely criticized for advocating the building of more mills once by a leading New England manufacturer who was preparing to build a \$1,000,000 mill in the South, and another time by a leading southern manufacturer, both of whom thought that there would not be a sufficient supply of labor to operate the new mills that were being built. I told them frankly and almost bluntly that I was more interested in creating employment for thousands of poor, unemployed people than I was in the mill owners. As a matter of fact, however, the supply of labor has grown more rapidly than the industries. In the mountain region of the South big families are still the order of the day. Roosevelt would never have had to bemoan race suicide, so far as that section was concerned, if he had traveled through those mountains and seen that however poor the people are, and however poor may be their mountain houses, families of 10 to 12 are very common. North Carolina, for instance, has the largest birth rate in the country, and other Southern States

also have high birth rates. Thus the increase in population goes on apace, and more rapidly than the increase in the opportunities for industrial employment.

Southern mill managers have often been criticized for running their mills at night; but if they did not do so, the number of unemployed people would be very much greater than it is. The night shift furnishes employment for a large number of people who would be entirely out of a job except for this night operation.

This surplus of labor can not be overcome until the industrial employment creates a demand throughout the South for more workers, both male and female. The industrialization of the South is one of the great problems which that section faces, and this industrialization, rapid as it is, vast as it is compared with former years, is not yet sufficiently great to take up the oversupply of farm laborers and tenant farmers and mountain whites, all eager for industrial employment.

RADICALISM STIRS UP STRIFE

The effort of the communists to stir up labor troubles throughout the South is only a part of Russia's gigantic, heavily financed plan to disrupt labor throughout the world and overturn this and all other governments.

Only a few days ago the American Wool and Cotton Reporter, of Boston, one of the representative textile papers of the country, stated that in Massachusetts alone there are more than 100,000 idle textile workers. This has been brought about largely by the communistic activities which have been so pronounced in Massachusetts and adjacent States for several years. It must be remembered that 60 per cent of the population of that section is foreign stock. The picture drawn by the American Wool and Cotton Reporter of the distress of the textile interests in Massachusetts is one of the most dismal that I have ever seen of any section of America, or of any other country. It should be taken to heart as a warning by every member of your organization and every business man in America, for exactly the same kind of work which has wrought such distress in Massachusetts is under way in different parts of this country, carrying out the advice given by Trotsky, which possibly you remember, when on the last night before he sailed for Russia he said, in what he thought was a secret meeting of several hundred of his followers, but in which there were secret-service men of this and the British Empire:

"I go to Russia to overthrow that Government and stop its war against Germany. But I want you to remain in the United States and bring on one revolution after another until you overthrow this damned American Government."

That is the definite plan of the whole communistic element that is now at work in every part of America.

LOW WAGES A HANDICAP

The South has been so largely an agricultural section that there has been a bad balance between the labor supply and the labor demand. Moreover, the presence of negroes in the South, now amounting to about 10,000,000 in number, has always had a depressing effect upon wages of the white people because the negroes have worked for much lower wages than a similar class of labor in any other part of the country. Some have thought that this has been temporarily an advantage to the South by enabling it to produce at a low cost for the time being; but cheap labor, in my opinion, is never profitable labor. Low wages are a handicap against any community or any section. In the end, high wages are the cheapest wages. High wages stimulate men and women mentally, physically, and spiritually. They develop a broader aspect of life. They result in creating new demands for better living conditions, for better homes, for better surroundings of all kinds, and better educational advantages.

POVERTY OF ORIENT DUE TO LOW WAGES

The curse of the world outside of the United States is low wages. The desperate poverty of the Orient is due to low wages, and the same may be said of much of Europe. Not until the entire world comes to a realization of the fact that high wages mean better living conditions and broader prosperity for everybody will there be world-wide prosperity.

Indicative of the rate of wages prevailing in the Orient I quote Charles Perrin, a distinguished American engineer, who is managing a big iron and steel plant in India, owned by East Indian capitalists. He stated several years ago before the American Iron and Steel Institute that his plant employed about 8,000 people, and that the rate of wages, including skilled labor, was between 7 and 8 cents a day. A few years later, or three years ago, at Charleston, S. C., at the meeting of the foreign trade council, he reported that wages had then been advanced to 10 cents a day, but that one of the leading owners of the plant had complained that this was entirely too high.

A few years ago, when the Underwood tariff put jute goods on the free list, several leading burlap manufacturing concerns moved from America to India, claiming that they could get wages in Calcutta at about 15 cents to 17 cents a day, though they expected lower wages later on, and that they were moving their plants to India because they could not produce at a profit in this country in competition with jute mills in India paying such low rates of wages.

A few weeks ago I published a statement showing that 50 jute mills in India paid last year an average of 54 per cent cash dividends on

their capital. These manufacturers are reaping enormous profits, but the desperate poverty of the people is indicated by the rate of wages paid.

HIGH WAGES PROMOTE PROSPERITY

America I believe can do no greater work for the welfare of the world than to maintain its high rate of wages, and thus set an example to the people of all other countries and teach them that without high wages there can be no general prosperity for the working people or the farmers, and thus for the country at large.

Many years before Henry Ford was heard of Daniel A. Thompkins, of Charlotte, N. C., perhaps the greatest industrial leader the South ever had, and at that time president of several cotton mills, expressed the hope that the time would come when every laborer in the country would receive not less than \$5 a day, which, according to his view, would produce universal prosperity.

The South is gradually learning the value of higher wages, but it will be a long time before the surplus labor of that section can be taken up by increased industrialization, and therefore these low wages are for the time being a great magnet to draw industrial enterprises to the South.

NATIVITY OF SOUTHERN LABOR

Southern white laborers are Anglo-Saxons of the most unmixed blood in the world. The percentage of foreign stock—that is, people born abroad or born of parents at least one of whom was born abroad—is much lower in the South than anywhere else in the country. In North Carolina it is only 0.7 per cent, and taking the whole central South it is 8 per cent, while in Texas the foreign-born runs to 17 per cent, and in Missouri to 20 per cent.

It is interesting to contrast these figures with the foreign stock in other parts of the country. In Massachusetts 66 per cent of the population is foreign stock. Rhode Island has 69 per cent. New York City and Chicago each have about 75 per cent of foreign stock. Very wisely a few years ago Congress passed restrictive laws on immigration, because we have not by any manner of means assimilated and Americanized the foreign population which was crowding into this country at the rate of 1,000,000 to 1,250,000 a year prior to the World War.

SOUTH'S INDUSTRIAL RECORD

Turning more specifically to what the South is doing in its industrial development, we find that in recent years some of the country's greatest corporations have invested hundreds of millions of dollars in southern plants, supplementing other hundreds of millions invested by southern people themselves. This movement from all indications has just begun and covers many branches of industry. Of course, textile plants of every description are being established, and in the manufacture of rayon—that great new chemical textile—the South is now a leader, but there are being developed chemical, paper, and other industries of great variety, all of which will certainly call for an increase in the South's foundry and metal-working capacity.

At about the time the Manufacturers Record was established the annual value of the South's manufactures was only \$622,000,000, as of the census of 1880. In the next 20 years, or in 1900, it had increased to \$1,564,000,000; but in the next 10 to \$3,158,000,000, jumping to over \$10,370,000,000 in 1927. Let me emphasize that while the South is the dominant cotton-manufacturing center of the country, the annual value of the output of its cotton mills represent but one-tenth of the total value of all of its manufactured output. In the metal-working industry incomplete figures compiled on the South's foundry and machine-shop and metal-working plants show an annual production well over half a billion dollars. Perhaps the following tabular comparison of the South to-day with the entire country some 25 years ago may give a clearer conception of the development of the South and the position it has attained in the industrial world, bearing in mind that the South represents but about one-third of the country's area and population. The figures are taken from our Blue Book of Southern Progress.

The South to-day compared with the United States in 1900

	The United States, 1900	The Southern States, 1928	South's increase, 1900-1928, per cent
Population	75,994,000	40,631,000	48
Wealth	\$88,517,307,000	\$80,000,000,000	346
Manufactured products	\$11,406,926,000	\$10,375,000,000	563
Mineral products	\$1,108,936,000	\$1,836,575,000	1,314
Farm products	\$4,717,000,000	\$5,184,646,000	231
Exports, value	\$1,394,483,000	\$1,631,690,000	236
Imports, value	\$849,941,000	\$501,986,000	863
Banking resources	\$10,785,800,000	\$10,362,292,000	850
Deposits	\$7,288,900,000	\$7,479,722,000	981
Railroad mileage	193,346	92,117	49
Highway expenditures	\$50,000,000	\$390,220,000	2,986
Public-school expenditures	\$214,964,000	\$426,200,421	1,116

¹ Census 1927.

² 1926.

BUILDING FOR THE FUTURE

With the growing industrial wealth of the South there has necessarily been an added responsibility. Outside of the results as to the opportunity offered for employment of the ever-increasing population, furnishing an apparent inexhaustible supply of workers, I refer especially to the great advance made in southern education. The poverty of this section for so many years prevented public educational growth. No other section of the country had to meet and overcome such obstacles. It is true there is still much to be done in the South along educational lines, but in the physical equipment for educational purposes, as illustrated in the most modern types of school construction, the South is now spending annually over \$400,000,000 for public education, or as much as was spent by the entire United States as late as 1910. Reflecting the industrial trend in the South, there have been pronounced developments in technical training schools and expansion of engineering, textile, ceramic, and other courses of study. In 1928 the South had invested in universities, colleges, and professional schools \$368,000,000.

According to latest figures, the South has over 36 per cent of the country's public and private primary and secondary school enrollment, more than 33 per cent of the country's normal-school attendance, and nearly 27 per cent of all the college and university students in the United States. The percentage of students entering high school and passing into college work is increasing from year to year. For instance, in North Carolina in 1928 more high-school students were graduated in that one year than were enrolled in all of the high-school grades in that State 20 years ago. These figures illustrate the progress the South is making in educational facilities in proportion to its wealth and population. Southern school buildings erected in recent years are of the most modern design, and much progress is being made in educational management and methods.

I have cited the foregoing facts merely as illustrations of how the South is advancing and also how the South is recognizing its responsibility, and as its industrial, agricultural, and commercial expansion gathers momentum it will go forward with even greater records of achievement.

SOUTH'S PROGRESS WILL NOT BE HALTED BY COMMUNISTIC ATTACKS

Communism will not halt the South's progress. The present situation in North Carolina is merely a desperate attempt of the communists to control the white labor and the negroes of the South, but it will never succeed. Other parts of this country have far more reason to dread the effect of communistic activities than has the South. General Grant, even in his day, once said that he dreaded the influence of the lower classes of the foreign element upon the future of this country, and that if America could be saved it would be only by the Anglo-Saxon element of the South. That day is near at hand and this is said without any reflection upon the splendid peoples who have come from other lands and made themselves Americans in spirit and in life. Their name is legion, but they realize the evil of the communistic spirit abroad in the land and will fight it just as vigorously as the Anglo-Saxons of the South. Here is where the good people of the North, the East, the West, and the South will stand shoulder to shoulder for the flag of the United States against the red flag of Russian communism.

PATRONAGE IN THE SOUTH

Mr. FLETCHER. Mr. President, I ask unanimous consent to have inserted in the RECORD an article appearing in the New York Herald Tribune of Tuesday, October 22, 1929, entitled "President Bars Patronage to Build up Party."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Herald Tribune, Tuesday, October 22, 1929]

PRESIDENT BARS PATRONAGE TO BUILD UP PARTY—WRITES FLORIDA REPUBLICAN LEADER HUGHES WAS APPOINTED ON HIS RECORD—LETTER ANSWERS PROTESTS—ASSERTS CANDIDATES MUST MEET HIS REQUIREMENTS

By Theodore C. Wallen

WASHINGTON, October 21.—The White House made public to-day a letter in which President Hoover served notice on the Florida Republican organization, if not on professional politicians generally, not to expect him to use patronage to help build up the party except in so far as discriminating appointments contribute to good government.

"The success of the Republican Party rests on good Government, not patronage," wrote the President in a communication to Fred E. Britten, secretary of the Florida Republican State committee. "No longer shall the laws of the United States be flouted by Federal officials; no longer shall public office be regarded as mere political patronage, but rather it shall be public service," he declared in a forcible statement of his attitude toward party government.

Mr. Britten, of Stuart, Fla., not to be confused with Representative Fred A. Britten, Republican, of Illinois, is one of several Florida Republicans who protested the President's appointment of a Federal district attorney for Florida, on the ground, as they said, that the organization had not recommended him.

The President was willing to cooperate with the State organization, he said, if it presented candidates "who measure up to my requirements of public service," but pointed out that the Department of Justice could not conscientiously recommend any of those recommended by the Florida leaders in the last seven months.

SIX CANDIDATES TURNED DOWN

Six candidates of the Florida leaders, one a former law partner of Postmaster General Brown, according to Glenn B. Skipper, Florida Republican national committeeman, were turned down in succession by the administration.

The letter was dated September 26 and was given out at this late date and during President Hoover's absence on his western speaking trip in confirmation of copies made public in Florida, the White House explained. After the first protest from the secretary of State committee, the President received several more along similar lines, some threatening political reprisals, and his reply was to forward to each protestant a copy of his answer to Secretary Britten.

In this he took occasion to disabuse the Florida organization of the thought that any organization could dictate his appointments irrespective of merit or of presidential responsibility.

The President's letter follows:

TEXT OF PRESIDENT'S LETTER

WASHINGTON, September 26, 1929.

Mr. FRED E. BRITTEN,
Stuart, Fla.

DEAR SIR: I can not believe that you and the many friends of Mr. Skipper who have protested the appointment of Mr. Hughes overlook the primary responsibility which rests upon the President of the United States. That responsibility is one of the most sacred which he assumes upon his oath of office. It is that he shall, to his utmost capacity, appoint men to public office who will execute the laws of the United States with integrity and without fear, favor, or political collusion. The appointive responsibility rests in the President, not in the organization.

For seven months the Department of Justice has investigated first one candidate and then another who were proposed by the Florida organization. The department did not feel that they could conscientiously recommend to me any one of the names presented. Mr. Hughes, with many years of tried service in the department as an important member of the division devoted to enforcement of the eighteenth amendment, was not appointed at the request or recommendation of any political organization whatever. He was appointed because he had proved himself an able and vigorous law-enforcement officer. Furthermore, all three of the Federal judges of Florida attested to Mr. Hughes's ability and standing.

It is the natural desire of the administration to build up and strengthen the Republican Party in the State of Florida. That can be done in cooperation with the State organization if the organization presents candidates who measure up to my requirements of public service. This is an obligation in the interest of the people of the State, and the first tenet in that program is that no longer shall the laws of the United States be flouted by Federal officials; no longer shall public office be regarded as mere political patronage, but that it shall be public service.

The success of the Republican Party rests upon good government, not on patronage, and Florida will have good government so far as it is within my power to give it. My own belief is that the people of Florida supported me in the last election because they expect that from me.

I note your demands that the organization shall dictate appointments in Florida irrespective of merit or my responsibility, and that you appeal to the opponents of the administration to attack me. I inclose herewith a copy of a statement which I issued last March. That statement was no idle gesture.

Yours faithfully,

HERBERT HOOVER.

The President's statement of March 26, referred to in the last paragraph of his letter, was made to the press. In it he expressed a willingness to cooperate in building up the Republican Party in Southern States, "not out of a narrow sense of partisanship, but from the conviction shared in equally by the leaders of all parties that the basis of sound government must rest upon strong two-party representation and organization."

LAUDS REORGANIZATION

At the same time he spoke encouragingly of the reorganization work of Republicans in several Southern States, including Florida, but declared administration unwillingness, for lack of confidence, to deal with the party organization in South Carolina, Georgia, and Mississippi, where patronage abuses had been revealed.

The administration has now done in Florida what the President then said he would have to do in States which failed to set up Republican organizations that inspired confidence. It has set up a Federal advisory committee for the State, which is the only organization in the State whose recommendations for postmasterships will be recognized by the Post Office Department.

The same plan is being followed in other Southern States, and the administration is making it plain that, whether or not the future political course of such States as bolted the Democratic Party in November is at stake, the President is determined to be his own judge of the qualifications of political appointees.

This policy is not confined to Southern States. The general policy of the administration is to cooperate with the State Republican organizations, but party leaders soon became aware that the new administration would require something more than their recommendation in many instances, specifically where Federal judgeships or district attorney positions were involved.

Thus a political organization's recommendation in a judgeship case has become, in the present administration, merely one of many indorsements considered, all of which are made public at the time of the appointment, this with a view to making indorsers more careful about making recommendations for important places.

The effect of the new policy was to bring about the appointment of Federal judges in New York State who were not the first choice of the Republican organization there, to say nothing of a Democratic judgeship appointment there which lacked any Republican organization indorsement, of course. But President Coolidge, also, had nominated the same Democrat, and, in a more restricted sense, required the political organizations to satisfy him of the acceptability of judgeship candidates to the bench and bar.

The leaders of the more regular Republican States have accepted the new condition with little or no protest, in view of the various evidences of the President's desire to help out the party where it was consistent with his executive responsibility to do so.

CONGRESSIONAL TARIFF STRUGGLES

Mr. SHEPPARD. Mr. President, I ask to have printed in the Record an article from the Washington Post of Sunday, October 20, 1929, entitled "Congress Struggles Over Tariff Duties Date Back to 1789."

The VICE PRESIDENT. Without objection, leave is granted. The article is as follows:

[From the Washington Post, October 20, 1929]

CONGRESS STRUGGLES OVER TARIFF DUTIES DATE BACK TO 1789—FIRST BILL, DRAWN BY MADISON AND HAMILTON, TOOK THREE MONTHS TO ENACT—JACKSON A PROTECTIONIST—TYLER VETOED TWO—AGRICULTURE AND INDUSTRY ALWAYS IN OPPOSITION

By David Rankin Barbee

Little did President Hoover dream, when he promised more than 12 months ago that he would call Congress in session for "a limited revision of the tariff," that a year and probably longer would be consumed in writing the changes necessary to bring the Fordney-McCumber Act up to date. The Ways and Means Committee began hearings on January 7 last. Ten months have passed and the Senate is in a muddle over the bill as the Finance Committee has recast it. The prospects are that it will not be passed during this extra session, which has been sitting since early last April.

The bill will, in all probability, be carried over to the regular session, which convenes December 2. And the Lord only knows how long it will be then before a vote is reached, before the conference committees have ironed out the differences between the two Houses and before the bill is signed or vetoed. But this is not the only tariff bill that has been a year in the making. The Fordney-McCumber Act was 20 months in the mill.

It has been 140 years since James Madison introduced the first tariff bill, and since that epochal event there have been many tariff bills to occupy the time and talent of Congress and of the commercial and manufacturing and political gentlemen who have more than a passing interest in money measures. Some of them brought the country to the verge of war; one of them did bring on the War between the States; two or three of them wrecked administrations; one made a President of its author and another was the occasion of a New Jersey schoolmaster reaching the throne. More than one of these bills has been long months in the making, but only two of them have taken so long in the making as the Hawley-Smoot tariff now on the laps of the gods.

COMMENT BY ANDREW JOHNSON

Andrew Johnson, who helped frame one or two tariff bills and who signed one of the most celebrated in one of the most dramatic incidents in the history of tariff making, said that governments had solved all other questions but that of finance, and that no government had ever learned how to write a satisfactory revenue bill. Thomas Jefferson, who was the nearest thing to a seer this country has produced, recognized this in his memorable communication to Congress in December, 1793, when he urged upon Congress a policy of free trade among all nations, and with only one nation, if but one would enter into a treaty to that end.

"But," he concluded, "should any nation, contrary to our wishes, suppose it may better find its advantage by continuing its system of prohibitions, duties, and regulations, it behooves us to protect our citizens, their commerce and navigation, by counterprohibitions, duties,

and regulations also. Free commerce and navigation are not to be given in exchange for restrictions and vexations, nor are they likely to produce a relaxation of them."

The tariff history of America shows how nearly right both the great Virginian and the great Tennessean were. The tariff is in national politics and in international politics; it is in business and it is in finance; it is in shipping and it is in diplomacy; it is in labor and it is in agriculture. Even the churches have taken notice of it, for the Federal Council of Churches in America has presumed on occasion to determine a tariff policy for the Nation.

This is not said in any spirit of criticism, but to state a fact, illustrating how elusive, how fascinating, how elective and alluring the tariff is. To use a much-abused word, it intrigues the philosopher in his library, the monk in his cloister, and the legislator in his forum. No wonder it raises more heat than light in Congress.

ISSUE DATES BACK TO ABEL

A rapid survey of the tariff history of the country will show that the issue which has been raised over the Hawley-Smoot bill is not a new issue. It began with the first tariff and has been a problem and a perplexity with every succeeding major tariff measure. As a matter of fact, it began in the dawn of history, when Cain killed his brother Abel, for at bottom it is a jealous competition between two conflicting elements of our society—agriculture and manufacturing.

When Alexander Hamilton made his famous response to the resolutions of the House, calling on him for a report "for providing for the national debt and for sustaining the public credit," he urged additional duties on wines, spirits (including those distilled in the United States), teas, and coffees, "without any possible disadvantage to trade or agriculture."

This report stirred up an animated debate. In fact, it was more heat than light that Congress got from the discussion, and the opponents were the representatives of the agricultural interests. Said the spokesman for this group, to endeavor to force, by extraordinary Government patronage, the growth of manufactures would be to transfer the natural current of industry from a more to a less beneficial channel. This, they said, would sacrifice general to particular interests. It can hardly ever be wise, they concluded, for a government to try to give direction to the industry of its citizens, the soundest and simplest policy in almost every case being to leave the industry to itself.

NOT DEMOCRATIC INFANT

It is a most interesting as well as a remarkable fact that Madison, Jefferson, and Andrew Jackson, all three planters and coming from planting States, coincided with Hamilton's views and were in a measure protectionists. The separation of the politics of the country on a tariff policy was a later development. Tariff reform, so intimately intertwined with the name of Grover Cleveland, another great Democrat, was not originally a Democratic infant, for Cleveland got his inspiration from the liberal Republicans who supported him—Carl Schurz, Godkin, and other tariff reformers.

As everyone knows, the obstruction to the immediate passage of the Hawley-Smoot bill is the age-old obstacle to the passage of every tariff bill—the contest between agriculture and manufacture. Senator BORAH, who prevailed upon President Hoover to call the extra session for "a limited revision of the tariff," tried to limit the changes to the agricultural schedules alone, and was defeated by one vote. The Senate opened the bill up to wholesale changes in the interest of all classes, so that a general instead of a particular revision is the result. It is limited in no sense.

And because it is general; because there is this irreconcilable conflict between the two great classes of American society; and because of the magnitude of the measure itself, the consideration of it has consumed the time it has. No one expects either side to yield. Each side taunts the other with delay. There is conflict of leadership, and all that sort of thing. But the cause is as deep-seated as human nature itself. Let us glance at the history of a few of the memorable tariff battles to see if this is not so; to learn how long they were in the making and what caused any delay in their passage; what conflicts were aroused, who shouldered arms, and who left the most dead on the field of battle.

FIRST TARIFF BILL IN 1789

The first tariff bill under the Constitution of 1787 was introduced by James Madison April 8, 1789. Prior to that every State in the Confederation levied its own taxes. Madison's bill was debated in the Committee of the Whole until May 16, when it was passed and sent to the Senate. That body took it up May 20 and postponed discussion until the 25th. It was then amended and debated until June 27, when it passed. The House refused to accept the amendments tacked on by the Senate and the bill went to conference. A few changes were made and the House then accepted the bill. It was signed on July 4. There were but 15 States in the Union at that time; the membership of both Houses of Congress was small, and yet this bill took three months to prepare. It was a small bill, with very few items, as we shall see, and yet that Congress was unable to put it through in a hurry with James Madison and Alexander Hamilton steering it. Its course through Con-

gress has been the track that all subsequent bills have taken. Let us follow it through the debates.

Madison's bill levied certain duties on goods, wares, and merchandise, and on the tonnage bringing them into the country. The items taxed were rum and all spirituous liquors, molasses, Madeira and all other wines, common bohea and all other teas, pepper, brown, loaf, and all other sugars, cocoa, and coffee. No rates were specified, but the Committee of the Whole inserted them by amendment.

The historian of the tariff says:

"The debates in the House on this bill brought out fairly well every argument since used, except 'the want of power in the Federal Government to lay duties for protection.'"

Senator Maclay, of Pennsylvania, wrote the only account we have of the debates in the Senate. Taking note of the criticism over the delay in the passage of the bill, he wrote in his journal: "The idea has got abroad that the mercantile interest has been excited to delay this bill. The merchants have undoubtedly regulated the prices of their goods agreeably to the proposed duties, so that the consumers of dutied articles really pay the whole impost, and whatever the proposed duties exceed the State duties now is clear gain to the merchant. Some of them, indeed, dispute the payment of the State impost."

SENATE MAKES CHANGES

In his quaint phrase Maclay tells how the bill was being changed in the Senate, and this depicts the story of every subsequent tariff bill. "We sat on the impost bill," he wrote on May 25, "and debated long on the style of the enacting clause. It was an old friend, and the same arguments were used which had formerly been advanced; but the style of the law, which had already passed, was adopted. Now came the first duty of 12 cents on Jamaica proof. We debated until a quarter past 3; and it was reduced to 8. Adjourned. I fear that our impost bill will be rendered in a great measure unproductive. This business is the work of New England men. They want the article of molasses quite struck out, or at least greatly reduced; or, to place it in a different point of view, almost every point of view, almost every part will be proscribed either by one or other of those who choose to be our opponents, for every conspirator must be indulged in the sacrifice of his particular enemy."

As the debate wore on, light grew darker and heat flamed higher. This is characteristic of every tariff debate. On June 9, Maclay wrote that the discussion was being conducted "with less order, less sense, and less decency, too, than any question I have ever yet heard debated in the Senate." On June 11 there was a lengthy debate on drawbacks, and "Butler, of South Carolina, flamed away, and threatened dissolution of the Union with regard to his State, as sure as God was in the firmament. * * * His State would live free or die glorious." Here was the South Carolina tariff doctrine showing its head on the first tariff bill. Secession and nullification were not born overnight.

HELD RATES TOO LOW

When the debate had ended and he had had time to make an assessment of its provisions, Maclay turned the light on in these words: "The Senators from New Jersey, Pennsylvania, Delaware, and Maryland—the manufacturing States—in their every act seemed desirous of making the impost productive, both as to revenue and effective for the encouragement of manufactures; and seemed to consider the whole of the imposts—salt excepted—much too low. Articles of luxury many of them would have raised one-half. But the Members from the North and, still more particularly, from the South, were ever in a flame when any articles were brought forward that were in any considerable use among them."

This outline shows the dividing line that has to this day demarcated the sections on the tariff. New England, manufacturing rum, which came in competition with Jamaica rum, asked for free molasses and for an impost on Jamaica; South Carolina, an agricultural State, opposed imposts on articles she used; and the manufacturing States wished the imposts effective both for revenue and for the upbuilding of industry. It was some years before New England became a manufacturing region, and she was, until that time came, opposed to protection, because it injured her shipping and her fishing, which could not be carried on without rum. The poor, which the Lord said we have with us always, found friends in the opponents of this bill, for, it was seriously argued, the impost on molasses would make them suffer because it was an item of their ordinary diet. Madison wrote Jefferson that this argument was countered by another, that "the poor who consume molasses would escape the burden falling on the poor who consume sugar."

This requires an interpretation. Those simple days were the days of the "long sweetening" and the "short sweetening," when tea and coffee was made palatable either with sugar or molasses. If you were ambitious and had social aspirations, you used sugar; if you were self-satisfied, you used molasses.

PROTECTIVE TARIFF ASKED

Between the Madison tariff and 1816 Congress passed a number of tariff bills, none of which created any disturbance because of the War of 1812. To show how well controlled Congress was, a bill was passed July 1, 1812, imposing double duties on imports, and another on July 29, 1813, imposing a duty on imported salt. The second war with Eng-

land stimulated the growth of domestic manufacturers; so when Congress met in December, 1815, it received many petitions from manufacturers asking for a protective tariff, those from the cotton manufacturer attracting the most attention. These manufacturers represented that they gave employment to 100,000 persons and produced annually goods valued at \$24,000,000.

A. J. Dallas, of Pennsylvania, was Secretary of the Treasury, and in that capacity he made an elaborate report to Congress, recommending the repeal of a number of tariff bills, the reduction of the direct tax from \$6,000,000 to \$3,000,000 annually, and the discontinuance of the tax on distilled spirits after June 30, 1816. He followed this with another report, February 13, 1816, which surveyed the whole tariff situation and recommended that a new general tariff bill be written, to provide a revenue of \$24,000,000 to meet estimated Government expenses.

This is the first instance of a Secretary taking the lead in the framing of a tariff bill, and it is also the first instance of tariff reform proposed in our legislative history. The Dallas tariff went through speedily, being opposed by New England, led by Webster, and by John Randolph of Roanoke. Calhoun and Clay led the fight for the bill. The division in the several sections, as recorded in the House votes, shows how sentiment was then beginning to shape up on a definite tariff policy. It was:

	Yeas	Nays	Absent
New England.....	16	10	16
Middle States.....	44	10	13
Western States.....	14	3	5
Southern States.....	14	31	7

The bill passed the Senate—25 yeas to 7 nays.

PROTECTION DEFINITE POLICY

Protection was now a definite policy of one political faction and was soon to divide the country and produce the first great sectional convulsion. An effort was made at the session of 1819–20 to pass a protective tariff bill. The House—88 to 71—put it through, but the Senate—22 to 21—killed it on a motion to postpone action until next session.

President Monroe, wedded to the idea of protection, twice recommended in his annual messages a review of the tariff for making it more protective, and a bill to carry this into effect was introduced in the House early in January, 1824, debated more than two months, and passed—107 to 102. The Senate consumed some months in its consideration, variously amended it, and after a conference had ironed out the differences it was passed—25 to 22. Webster led an impressive fight on the bill and Clay sponsored it. Andrew Jackson voted for it. Pennsylvania and the South were again at loggerheads. The vote on this bill, because it immediately preceded the "tariff of abominations" which convulsed the Nation, is not without interest:

	Yeas	Nays
Maine.....	1	6
Massachusetts.....	1	11
New Hampshire.....	1	5
Rhode Island.....	2	—
Connecticut.....	5	1
Vermont.....	5	—
New York.....	26	8
New Jersey.....	6	—
Pennsylvania.....	24	1
Delaware.....	1	—
Maryland.....	3	6
Virginia.....	1	21
North Carolina.....	—	13
South Carolina.....	—	9
Georgia.....	—	7
Kentucky.....	11	—
Tennessee.....	2	7
Ohio.....	14	—
Indiana.....	2	—
Illinois.....	1	—
Louisiana.....	—	1
Mississippi.....	—	3
Alabama.....	—	1
Missouri.....	1	—
Total.....	107	103

No bill ever passed Congress with such a close margin as this one. Niles Register explains the line-up in these words: "The navigating and fishing States opposed the bill because of an apprehension that it would injure commerce; the grain-growing States supported it because of a belief that its passage would benefit agriculture, and the planting States united with the navigating against the bill for the reason that it would be injurious to agriculture."

JACKSON A PROTECTIONIST

Jackson's support of this so-called tariff of woolens definitely placed him in the rank of the protectionists, but there is a reasonable ground for the suspicion that he voted for the bill with an eye on the Presidency. As an evidence that he was not above suspicion, the Legis-

lature of Indiana, favorable to his candidacy, felt impelled to pledge him, so in January, 1828, a resolution was adopted by the senate of that body "inviting him [General Jackson] to state explicitly whether he favors that construction of the Constitution of the United States which authorizes Congress to appropriate money for the purpose of making internal improvements in the several States, and whether he is in favor of such a system of protective duties for the benefit of American manufacturers as will, in all cases where the raw material and the ability to manufacture exists in our country, secure the patronage of our own manufactures to the exclusion of those of foreign countries; and whether, if elected President of the United States, he will in his public capacity recommend, foster, and support the American system."

Jackson replied, pointing to his vote on the "tariff on woolens" and to a letter he had written to a Doctor Coleman, of North Carolina, the preceding year, a letter that somehow got into the public press and was never repudiated. In the letter to Doctor Coleman, "Old Hickory" said we were producing too much of farm products, more than we could consume. "Draw from agriculture this superabundant labor," said he; "employ it in mechanism and manufactures, thereby creating a home market for your breadstuffs and distributing labor to the most profitable account, and benefits to the country will result."

Not even Senator SHORTEIDGE, of California, could put the case more succinctly. No wonder "Old Hickory" was under suspicion in the planting States. Can we not all see him press a little harder with his quill pen as he wrote this sentence: "It is time we should become a little more Americanized [he underscored that word]; instead of feeding the paupers and laborers of England, feed our own, or else in a short time, by continuing our present policy, we shall be rendered paupers ourselves." Did this not forecast the "tariff of abominations"?

KILLED OFF CALHOUN

If that tariff made a President, the next one killed off a promising candidate—John C. Calhoun. It also marked the first definite entry of the manufacturing interests of the country into a tariff fight as an organized body, and it began the Pennsylvania plan, which has continued to this day. Mr. Mallary, of Vermont, chairman of the House Committee on Manufactures, on January 10, 1827, brought in a general tariff bill and after a lengthy and animated debate it was rushed through, 106 to 95, the House dividing again geographically rather than partisan. There was little time for the Senate to act on the bill, so Martin Van Buren, with his eye on the White House, jockeyed the bill into a vote for postponement, which, being a tie, compelled Calhoun, the Vice President, to cast the deciding vote. He voted with the planting States, and aroused the enmity of every protectionist and manufacturer in the country. These gentlemen now formally organized the Pennsylvania Society for the Promotion of Manufactures and the Mechanics Arts on May 14, 1827, and called a national convention to meet at Harrisburg on July 30 of that year, "to deliberate what measures are proper to be taken in the present posture of affairs." A committee broadcast an address to the country.

Ninety-five delegates attended the convention from these States: New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, Kentucky, and Ohio. Every section of the country except the deep South or the planting States was represented. One can not understand the nullification controversy without a glance at this history.

A memorial to Congress asking a tariff on wool and on the different kinds and qualities of woolen manufactures and an increase on duties on other manufactured articles was prepared; as well as an address to the people of the United States and another to manufacturing industries of the country. Everything open and above board.

MOST REMARKABLE TARIFF BILL

When Congress met that December the making of the most memorable tariff bill in our history was the sole topic of discussion. For the first time a committee began to take testimony. Thus was initiated the policy that exists to this good day. It took the committee on manufactures exactly one month to conduct its hearings, which began early in January. Debate on the bill commenced March 3 and continued until April 22. The bill had been ordered to a third reading on April 15, by a vote of 109 to 91, but on that day John Randolph made a lengthy and spirited attack upon it, scattering his thunderbolts in all directions. Another debate ensued on the merits of the bill and on the general question of protection, the bill finally passing, 101 to 96, with 16 members absent.

The spirit of the fierce opposition is shown by the efforts to amend the caption of the bill. It was entitled "An act in alteration of the several acts imposing duties on imports." Mr. Wilde, of Georgia, the poet, moved to amend it by adding "and for the encouragement of domestic manufactures."

Kandolph flared out, "insisting that domestic manufactures were those carried on in the families of the farmers in the making of what used to be called Virginia cloth." Said he: "The gentleman from Georgia should call it a bill to rob and plunder nearly one-half of the Union to fill the pockets of the other half."

To this Mr. Hodges, of Massachusetts, agreed, but offered his own amendment to add to it "and to transfer the capital and industry of the New England States to other States in the Union."

In the Senate Webster, now a convert to protection, supported the bill, "declaring New England was now for protection." After a debate lasting three weeks, and adding only 13 amendments, the bill passed, 26 to 21; was accepted by the House two days later; and on May 19 John Quincy Adams signed it. Then the fun began.

BROUGHT ABOUT NULLIFICATION

Hardly is it necessary to recount the history of the nullification controversy. Even yet the historians differ on the facts and on the philosophy of that unamiable controversy. By formal act the people of South Carolina in convention nullified the tariff, but only after a terrific controversy before the people. At a mass meeting at Columbia the president of the University of South Carolina, Dr. Thomas Cooper, who had been a judge in Pennsylvania, and whom John Adams had placed in jail for criticizing him, made a speech that first formally enunciated the doctrine that protection was unconstitutional, and in which he used this memorable phrase: "It is time for the South to calculate the value of the Union." This is the first time that secession was proclaimed in the South, and by an alien at that and an infidel.

We all know that Virginia interceded both with South Carolina and with the administration, and that Jackson urged the Congress to revise the offensive "tariff abominations." He wished to avert civil war, and so did Virginia and so did South Carolina, for it is often overlooked that 17,000 voters opposed nullification in the Palmetto State; that Charleston and the western counties stood by Old Hickory.

CLAY'S FIRST COMPROMISE

Clay took this occasion to rush through his first celebrated compromise, and so befuddled was the state of mind, so at criss crosses all the popular thought, that he actually began to modify the tariff by a bill introduced in the Senate, when the Constitution says that money bills shall originate in the House. The tariff bill was hurried through both branches of Congress, Jackson's plea for more power to put down rebellion in South Carolina and to enforce the collection of the revenue was delayed until the controversy was over and South Carolina had rescinded her nullification act through the same formal process by which it had been passed. In about three weeks the whole incident seemed to be over.

It, however, raised a wind that, like the terrible hurricane, gathered force as it blew until it spent itself at Appomattox. Webster and Benton fought the measure, but to no end. Clay and Calhoun for once were together.

In the next tariff controversy we have the first of our presidential battles with that problem, for John Tyler and Congress got at loggerheads and he vetoed two tariff bills, because "they did not suspend the distribution of the proceeds of the sales of the public lands among the several States of the Union."

The first of these bills was written in compliance with a political pledge for a general revision, a pledge that had helped the Whigs win their great battle. The House Committee on Manufactures began work on this bill on December 1, 1841, but had so much trouble getting information that it was not until some time in March of the next year that the bill came out of committee. While the House was debating it, Chairman Fillmore, of the Ways and Means Committee, laid before the House a report from the Secretary of the Treasury asking that a bill of a general revenue character be passed.

First the House passed and the Senate concurred in a bill to extend the Clay compromise act until August 1, but Tyler vetoed that, and the effort to pass it over his veto failed. On July 5, the House then took up the general tariff bill, and passed it on the 16th, and on August 5 the Senate passed it, which was pretty speedy work. It should be remembered, however, that Tyler had incensed the Whigs to no end.

ALSO HELPED BY TYLER

Tyler vetoed this bill also, and wrote a sharp letter to Congress which caused that honorable body to pass a resolution of censure on him, which still stands on the books. No other President was ever so treated over a tariff bill, but years later another was to get into a furious controversy with the Senate over a tariff bill. It was now near the end of August, Congress had for nine months been considering the tariff bill and cussing John Tyler, and the pay checks were being endangered for lack of funds in the Treasury. So in the last two weeks of that month Congress passed the tariff bill in conformity with Tyler's desires and he signed it on August 30. This was the longest session in our history devoted to a tariff bill until the present extra session.

The next important tariff bill is known to history as the Walker tariff and is the only one that bears the name of a man not a Member of Congress. It came during Polk's administration, and was based upon a report made to Congress by Robert J. Walker, Secretary of the Treasury, a Pennsylvania man who had been a Senator from Mississippi and was later to become a Territorial governor of "Bleeding" Kansas. Mr. Walker was a low-tariff man, and so was the President. The latter attacked the protective principle in his message in 1845, and it was im-

mediately followed by Walker's report, which was the basis on which the Committee on Ways and Means now for the first time began to write a bill. From December until April 14 the committee and Mr. Walker struggled with the bill, which was debated until July 2, when it passed, 114 to 97. The Senate laid it aside for three weeks, and as that body was known to be evenly divided on the measure it was feared that it would not pass. However, with little debate and no amendments, it was taken up on July 28 and passed, 28 to 27.

MORRILL BILL EASILY PASSED

For the next few years the mind of the country was on war and not even the Morrill tariffs of the war period have much interest for students. As soon as the Southern States seceded that gave the Republicans control of both Houses of Congress, and they put their bills through without much trouble. Revenue was badly needed and no one took a lantern with him when looking over a tariff bill. There were some interesting features of these bills, if not much delay in their passage. That of 1863 provided for the appointment of three commissioners to consider the whole revenue situation, to revise the tax system, and to propose laws for unifying the same. That such a bill should have come out of the hopper in war times shows that the statesmen in Congress had other thoughts besides the main thought of winning the war. Nothing ever came of this proposal to make a scientific tariff and take it out of politics.

The Morrill tariff of 1866 was rushed through the House after a 3-day debate, being passed on July 10, 97 to 52. The Senate, by a vote of 27 to 17, instructed the Finance Committee to pigeonhole it until next session, when it was taken up at the beginning of the session, debated at great length, and passed at midnight February 1, 1867. The House refused to concur in the Senate amendments and the bill was lost. This is the only instance in which a bill has met this fate in this manner.

Always from the beginning the wool people have been the most insistent for protection for their industry, and this has made the rather celebrated wool and woollens act of 1867 dramatic with interest, and placed it in the hall of tariff fame alongside of the "tariff of abominations" and Clay's compromise act of 1832.

Judge Bingham, of Ohio, brought in a bill July 23, 1866, to provide increased revenue from imported wool, and for other purposes. The secretary and legislative agent of the Wool Manufacturers' Association examining the bill found out that it "threatened no little injury to our interests," and so notified his people. Judge Bingham, on an appeal being made to him, agreed to restore the rate in the Morrill bill, and the House in Committee of the Whole, without taking a record vote, passed it. The next day, July 28, being the last legislative day, the bill was rushed to the Senate, and that body refused to consider it.

OPPOSED BY FESSENDEN

Fessenden, of Maine, was chairman of the Finance Committee, and he opposed the bill. At the short session the bill was taken up by the Finance Committee and reported out on March 1, variously amended. Every protected interest in the country fought the bill, and Senator Cattell, Pennsylvania, offered an amendment which opened up the question of general tariff revision. This meant the defeat of the bill. The wool people were bleating like a flock of sheep surrounded by one lone wolf. There was tremendous excitement on the Hill and throughout the country. Finally, before a crowded Senate, with the Capitol filled with tailors and toilers, the Cattell amendment came to a vote. The Democrats saved the day for the wool men that time, for, led by Reverdy Johnson, of Maryland, they joined with the western antitariff men in defeating the amendment. Then on the very last legislative day the bill passed—31 to 12.

That day a tailor sat in the President's room of the Senate surrounded by his Cabinet, leisurely looking over the bills that he must sign or veto. It was noticed that he took the tariff bill and laid it aside and went ahead signing the other bills. The tailors who had been applauding in the gallery an hour or two before heard that their bill had been cast aside. They rushed across the corridor of the House wing in minus nothing and got hold of Judge Bingham. They were so out of breath, it is said, they could not speak. But he read their minds and at 1 minute before 12 o'clock he stood in the presence of the man he was even then getting ready to crucify and, with beads of sweat rolling down his cheeks, he asked Andrew Johnson to sign his bill. With an air that said, "I was just getting ready to do that," Andrew Johnson took up his quill pen and made history. That was the narrowest squeak a tariff bill ever got.

FIRST TARIFF COMMISSION

For the next 16 years tariff bills were infrequently and uninteresting affairs. That of 1882 was memorable only in that it created the Tariff Commission, and President Arthur could get no tariff reformer or man of prominence to serve on the commission. Then came Grover Cleveland.

Tariff reform centers around the name of the great Democratic President. When he first became President he had never read a book on the tariff and he didn't know the difference between a tariff rate and a glass of beer. But under the guidance of Carl Schurz, who gave him the books to read, he took up seriously the study of that question and became the most illustrious tariff reformer in our history.

The first of the Cleveland bills, known as the Mills bill, came in 1887. Roger Q. Mills, of Texas, was chairman of the Ways and Means Committee. Theoretically he was a free trader. As he years later told the Senate, he sat down in his study in Texas and for six months worked out the details of the bill which bore his name, only to find out when he got before the committee he knew little about the technical side of making rates. This is the first instance in our history of one man attempting to write a tariff bill. Not even Hamilton or Madison would undertake that when the country was young.

ONE HUNDRED AND FIFTY-ONE SPEECHES WERE MADE

General debate on the bill began April 17, 1888, with Springer, of Illinois, Chairman of the Committee of the Whole. On July 19 it was over, 151 speeches having been made, consuming 111 hours and 54 minutes. The bill then passed, 162 to 114, only four Democrats, including Samuel J. Randall, of Pennsylvania, opposing it. The Republicans controlled the Senate, so they made a farce out of the bill. The Finance Committee considered it from July 21 until October 3, when it came out with three reports, one by Aldrich, the chairman, one by Beck, of Kentucky, and a third by the other Democratic members. For two weeks it was debated, and then on October 20 Congress adjourned without taking a vote. At the short session the bill was taken up December 5 and discussed until January 22, 1889, when it was passed by a vote of 32 to 30. The House took the position that it was a brand new bill and they refused even to consider it. So this, the longest of the tariff sessions, thus came to an end.

At the next turn of the wheel the Republicans were in control of every department of the Government, and in this situation came the McKinley bill. Even with Tom Reed as Speaker and with the ablest Ways and Means Committee that ever sat in the House, the bill was from December 9 until October 1 in the making. It carried 496 amendments, the House accepting 272, compromising on 173, and the Senate receding from 51.

There are few tariff bills that have made as much history as the ill-fated Wilson bill of 1894. That was the bill that wrecked the Democratic Party, because the Senate insurgents, led by Gorman, of Maryland, and Brice, of Ohio, rewrote the bill in conformity with their own ideas of protection and to meet the wishes of certain Democratic Senators who were out and out protectionists. Cleveland refused to sign it, and in two letters, one to William L. Wilson and the other to General Catchings, of Mississippi, blistered the insurgents. They replied with their shillalabs and a merry fuss resulted.

CALLED COWARDLY SURRENDER

Chairman Wilson began public hearings on the bill August 23, 1893, and closed them September 20, amid the jeers of the Republicans. He wrote an elaborate report to accompany the bill, and Henry Watterson denounced it as a cowardly surrender to protection. On January 5 general discussion began and ended five days later. Republicans broke a quorum and the bill could not come to a vote. Speaker Crisp refused to follow Tom Reed's precedent and count a quorum. Finally it was decided to take a vote on February 1, and after a memorable debate between Crisp and Reed the bill passed, 204 to 140. It was a day of great excitement. People had come long ways to hear the debate. And when the vote was counted, excited Democrats seized Chairman Wilson, raised him to their shoulders and began a parade that was the first and only tariff parade in the Record.

The bill was considered seven weeks by the Finance Committee of the Senate and then debated for three months, finally passing July 3. It became a law without the President's signature on August 27, 1894, just one year after its inception.

Neither the Dingley tariff nor the Payne-Aldrich tariff nor the Underwood-Simmons tariff nor the Payne-McCumber tariff took the time to write that the other bills of moment occupied. The Dingley tariff was put through a well-organized Congress; the Payne-Aldrich tariff broke faith with the promises of the President and brought on the Bull Moose movement, which was in effect the revival of the ancient controversy between the agricultural States and the manufacturing States. The last Democratic bill was conducted through the House by a master politician and it had behind it the leadership of President Wilson, who personally took a hand in it and pushed it through.

TWENTY MONTHS IN MAKING

Although the Democrats, in 1916, tried to take the tariff out of politics, and although this has been the dream of many Republican statesmen, all efforts in this direction have failed, because of the eternal conflict between agriculture and manufactures. This conflict in 1921 provoked the longest controversy in tariff building, for the Fordney-McCumber bill was 20 months in the making, and Senator Borah then, as now, was in the forefront fighting for the farmer.

Hearings on the bill began in the Ways and Means Committee on January 6, 1921, and the bill passed the House the following July 21. The Finance Committee did not report out the bill until April 11, 1922, and then it came with more than 2,000 amendments. The Senate passed the bill on August 19 following, with almost 2,500 amendments, and it went to conference. On September 15 the House adopted the conference report, 210 to 90, and four days later the Senate adopted it, 43 to 28.

Its most important provision was the flexible-tariff clause, which has been eliminated from the present bill.

It should be perfectly obvious that it takes long and weary months now to write and pass any tariff bill, unless both Houses of Congress are perfectly disciplined and the President takes the lead as was done when the Underwood-Simmons bill became the law of the land.

REVISION OF THE TARIFF

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 2667) to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, to protect American labor, and for other purposes.

The VICE PRESIDENT. The question is on the first committee amendment to Title I.

Mr. SMOOT. Mr. President, the first amendment is on page 2. A similar amendment will be found in various other places in the bill.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 2, line 1, strike out the words "and the islands of Guam and Tutuila" and insert "American Samoa and the island of Guam," so as to make the clause read:

That on and after the day following the passage of this act, except as otherwise specially provided for in this act, there shall be levied, collected, and paid upon all articles when imported from any foreign country into the United States or into any of its possessions (except the Philippine Islands, the Virgin Islands, American Samoa, and the island of Guam) the rates of duties which are prescribed by the schedules and paragraphs of the dutiable lists of this title, namely.

The VICE PRESIDENT. Without objection, the amendment is agreed to. The next amendment is on page 2, line 12.

Mr. KING. Mr. President, may I ask my colleague if he desires to have the clerical amendments made to which he called my attention?

Mr. SMOOT. I desire first to have one or two clerical amendments made. On page 15, line 16, after the word "and," I move to strike out the word "that." This is just the correction of a clerical error.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. SMOOT. On page 8, line 7, after the word "salts," I move to strike out the period and insert a comma. This is merely the correction of a misprint.

The VICE PRESIDENT. Without objection, the amendment is agreed to. The clerk will state the next committee amendment.

The CHIEF CLERK. Under the heading "Schedule 1—Chemicals, oils, and paints," on page 2, line 12, after the words "citric acid," the committee report to strike out "18 cents" and insert "17 cents," so as to read:

Citric acid, 17 cents per pound.

Mr. KING. Mr. President, before proceeding to a discussion of some of the paragraphs of the chemical schedule, I desire briefly to invite the attention of Senators to the question of our foreign trade and commerce. Mr. Hoover, in his foreword to Dr. Julius Klein's work, entitled "Frontiers of Trade," stated:

Since the beginning of the World War the trade relations of the world have passed through a great crisis and in many ways a great revolution. Our country came through this ordeal stronger in its foreign trade than ever before. There is no single man in our country who has contributed more to this wonderful accomplishment than Dr. Julius Klein. He has given this service nearly eight years of his life at a large personal sacrifice. There is no one so able to present this record or whose judgment of plans for the future is so well grounded.

President Hoover gives high praise to Doctor Klein and, apparently, indorses the views expressed by the latter in his interesting and instructive book. These views are quite at variance with the views of Republican members of the Finance Committee who have offered us a bill calculated to materially interfere with our foreign trade and commerce and to arrest development of our merchant marine. No one can read Doctor Klein's book without reaching the conclusion that trade barriers are obstacles to prosperity, and desirable and advantageous cooperation among nations. These barriers, as stated by Doctor Klein, are largely the "spawn of Mars"—the consequences of war. He verifies the view entertained by men of vision and progressive thought, that our prosperity and the prosperity of other nations rest largely upon reciprocal trade relations, the increase in trade and commerce, the multiplication of contacts, and larger cooperation and fellowship among the peoples of the world. He states that—

* * * Foreign trade is among the most widespread of these international contacts * * * which break down the barriers of suspicion and hostility that too often have existed among the nations.

* * * As Herbert Hoover has indicated in the past, it (foreign trade) is an obligation and a bond among all the divers peoples of the world. Having become an indispensable part of the modern economic system, it underlies all of our mutual civilization. We could not keep humanity alive nor society from anarchy if it were to cease. * * * Foreign trade flourishes only in peace. Warfare may breed an abnormal, momentary growth of profiteering in international traffic, but this excrement is bound to disappear as soon as normal conditions are restored. * * * Foreign trade is a business stabilizer and stimulus; it is a well-trying experiment for taking up the slack of seasonal or other depressions—a means of creating employment for workmen—a rich field for the profitable application of our energy, our resources, our commercial skill, and acumen. It means vast added sums for American pay envelopes and savings accounts. * * * (P. 10.)

He further says:

To a large group of farsighted manufacturers, export selling means precisely the difference between profit and loss on their activities as a whole. It insures the full-time operation of plants, with consequent stability of wages, prices, transportation, and other vital economic elements. Export is therefore, and will be more and more, a factor in modifying any dangerous dips in our industrial "curve." To change the figure it is being appreciated increasingly, not as a panacea but rather as a mild, sustaining stimulant to our industrial organism.

Possibly the most striking fact in our present foreign-trade position is the really amazing gain in the sale of our fabricated products abroad. The marvel is that we can pay the American workman two or three times as much as our competitors and yet undersell our rivals in the markets of the world.

I hope that Senators will remember when we are discussing specific schedules that Doctor Klein, with his knowledge of world trade, declares that in fabricated products we can undersell our rivals in the markets of the world.

This has been made possible not simply because of abundant natural resources but particularly through the natural flowering of national genius and character. Consequently, we are justified in believing that what has been accomplished in the past is only a prelude to what we may hope to achieve in the future. Our inventive ability, our capacity for developing the technique of mass production, made possible largely by our vast domestic demand, our present strong tendency toward economical standardization, our exceptional aptitude for associational action—all these are forces operating powerfully in the direction of American foreign-trade success.

Still other elements are making notable contributions toward that same end. Our international economic interests are constantly being linked up with an ever-greater number of aspects and angles of our American life. Our fourteen billions of overseas investments are owned, not in concentrated blocks by a few large bankers but by tens of thousands of small investors scattered all over this broad land. * * * The 17,000,000 tons of our merchant marine and the substantial participation of our railways in this traffic indicate further ramifications of our steadily widening interests in the business of the world as a whole. In the early months of 1921 the Department of Commerce was receiving about 700 requests for information on foreign commercial matters every day. At present the daily average is in excess of 11,000 such queries. The significant feature of this great and ever-rising tide of nation-wide interest in overseas commerce is the fact that the bulk of these queries originate with small merchants and manufacturers to a degree undreamed of even a few years ago. It would seem that to-day, as never before in the Nation's history, our foreign economic relations are the direct concern of vast numbers of our citizens and not simply of a few leaders in commerce, finance, and public affairs (p. 12).

These statements by Doctor Klein indicate the widespread interest among the American people in international trade, and their understanding of the importance of finding foreign markets for American products. The fact that 11,000 inquiries are made daily in regard to international trade furnishes convincing proof that prohibitive tariffs, such as are designed by the pending bill, are not in harmony with the views of a majority of the people. However, there are selfish manufacturers more intent upon illegitimate profits, and they do not possess the broader vision which evidently inspires the great body of our citizens.

Mr. President, we have made progress in world trade and world fellowship against reactionary elements and those who followed the philosophy of Babbitt and adopted a miserly, selfish policy, calculated to erect barriers against the march of civilization and the growth of culture and intellectual and moral progress. Western civilization has developed because of contacts between different peoples in different lands. Historical facts furnish abundant proof of the statement that liberty, and material, moral, and religious progress have developed as trade and commerce have expanded and the walls of isolation have been battered down and the tides carrying

humanity have swept around the world. Greek philosophy and art and literature were carried by hardy mariners to distant lands, and the small craft that pushed their prows into the Mediterranean and beyond the Pillars of Hercules, were the harbingers of liberty, of enlightenment, and of a better civilization. It was the commercial centers and cities within the Hanseatic League which carried the products of the people to distant lands, that contributed to the advancement and, indeed, the emancipation of Europe from a political and, perhaps, a moral servitude which chained the people to a benumbing status quo.

The highways built by Rome, over which tramped her legions, also became the paths over which marched the evangel of liberty and culture, and the energizing protean forces which aroused the people from their torpor and brought to them a vision of a unified world and a pax universal.

The traders and the merchants perceived the importance of municipal law and order and the necessity for international law. Commerce may be said to be the mother of international law. It promoted international agreements for the expansion of trade and exchange of commodities, which later became crystallized into international legal formulae. Precedents thus grew up, based upon international trade agreements, and these precedents constituted, in part, at least, the foundation of international law. Grotius, in his profound work, gives multiplied instances of these agreements and their influence upon the development of a system of international law which he hoped would bind the world together, and exorcise from the hearts of men those narrow and selfish views provocative of jealousy and sanguinary contests. Unfortunately commercial centers and organizations engaged in political intrigues and contests, thus arresting the movement which was, with increasing momentum, breaking down artificial barriers of distrust and hatred and promoting a broader world fellowship. It was Great Britain's trade and commerce and her ships that plowed the seas that wrote a new page in the history of the world. People began to lift their eyes from the ground and to perceive that they were a part of the world, a segment in the great circle of humanity.

This Republic has been interested in extending its commercial boundaries. One of the principal causes leading to the formation of the Constitution grew out of the trade barriers interposed by the thirteen Colonies. They perceived that the fruits of the Revolutionary War would be lost if tariff walls and trade barriers were erected by the States against each other. They comprehended that the growth of the New World would largely depend upon its trade and commerce, not only among its own people, but with the nations throughout the world.

The Constitution removed the internal barriers and proclaimed freedom of trade among the various States and their inhabitants. Our fathers perceived the importance of promoting foreign trade, and shipyards were built in many ports upon the Atlantic coast. American ships, carrying American products, were seen in most of the harbors of the world. The flag of the new Republic took on a new meaning and a new glory, and the newborn Republic became the symbol of a new age—a democratic, liberal, and progressive age—which challenged the old order of things and the anachronisms, political and economic, that still survived in many lands.

It is a truism to say that the prosperity of the United States has resulted because of the removal of trade barriers among the States, thus giving a free and unrestricted market throughout the length and breadth of the Republic. If the United States were divided into compartments, separated by tariff walls and trade restrictions, its economic and industrial growth would have been prevented, and the high place which it now occupies in the world commercially and economically would have been held by some other nation. I have referred to the fact that the Colonies, or rather the States, after they won their independence employed tariff rates against each other by way of retaliation. The War of the Revolution, it might be added, resulted from the discriminatory duties laid by Great Britain against the Colonies.

If Europe were to remove some of the tariff walls erected therein there would be an industrial development and a commercial awakening that would mean a brighter day for the people of that continent. The tariff duties and the customs regulations are serious obstacles to the economic growth of Europe and to the prosperity of her people.

There are liberalizing and progressive forces operating throughout the world but they encounter the most determined opposition. There are those who refuse to drink from the streams of knowledge that come from sources other than their own particular land. They have a mistaken idea of patriotism and fidelity to country and measure it by a profound dislike of the peoples of other countries. There is a form of "bunting patriotism," vociferous and vapid, which would keep out the sunlight and the products and the culture of other countries.

It is a recrudescence of the spirit that built petty states and kingdoms in medieval ages and by oppressive measures aided in perpetuating a social, political, and economic condition which was represented by feudalism and other ugly forms of government. I am reminded of the words of Prof. Clive Day, of Yale, who when speaking of medieval ages and earlier states of antiquity said:

Each one lives unto himself—it rises in civilization and then declines, without sharing its gains and losses with other states. * * * The modern world, with its common fund of culture and its community of interests uniting different peoples, could arise from the conditions only after long centuries of struggle. The unity of the Christian faith was needed to confirm the union of peoples in a common civilization.

Legislation or policies which create international suspicions and antagonisms and which tend to drive peoples and nations asunder rather than to bring them into friendly cooperation are injurious in a material way and harmful in a moral and spiritual way.

Mr. President, I take the liberty to mention—although it is not entirely relevant to the matter I am presenting—what is obvious to all, that under the auspices of the League of Nations many conferences are being held and organizations formed for the purpose of inaugurating ways and means of advancing the interests of the people in all parts of the world. Measures are being adopted promotive of the social and moral welfare of the peoples of all countries. Commissions and organizations are at work to improve the conditions of labor, to check the ravages of disease, and to protect the health of the people; to destroy the illicit trade in narcotics; to encourage scientific investigation and various forms of research, as well as general education throughout the world; to bring peoples and nations into closer relation; to remove the causes of war, secure disarmament, and promote world fellowship. The League of Nations, amidst a thousand storms and opposed by many forces, is fighting its way to a higher station among the nations of the earth.

I return to the convention referred to and to which the United States was a party. The nations signatory to the convention have important commercial relations with the United States. They purchase more than one-half of our exports, and from them we obtain nearly one-third of our imports. The delegates to this convention sought to secure a more uniform system of classifications of commodities and to provide for trade statistics important for all commercial countries. There was an effort made to provide a standardized system with respect to many commodities which would facilitate reciprocal trade. To give a concrete illustration: Manufacturers of machinery are under the necessity of providing a great variety of mechanical devices and numerous types and forms of machines and engines. This variety greatly adds to the cost of production. A limitation of types and a simplification of the lines of construction would be highly advantageous to the buying and to the selling countries.

Mr. President, every movement tending to dissipate international prejudices, to advance trade and commerce and to create a spirit of amity, should find advocates and supporters everywhere; and there must be developed an understanding among the people of our own country that no particular class of industry is to be the darling of the gods and the favored child of the Government. Special privileges and selfish predatory interests have too long influenced, if not controlled, tariff legislation and other national enactments. The selfish spirit which has too often guided manufacturing interests of our country, is still abroad in the land and its presence is felt not only in the Fordney-McCumber bill, but in the measure which is before us for consideration.

Mr. Hoover in his speech in Brazil declared that—

In determining changes in our tariff we must not fail to take into account the broad interests of the country as a whole.

Mr. President, I commend this statement to the majority Members of the Senate. The broad interests of the country are to be considered, not the manufacturers alone or the trusts and monopolies whose profits during the past few years have been stupendous.

Mr. Hoover, in the same address, further said:

Such interests include our trade relations with other countries. It is, obviously, unwise protection which sacrifices a greater amount of employment in exports to gain a less amount of employment from imports.

Mr. President, an examination of the hearings both before the House Committee on Ways and Means and the Senate Finance Committee will, in my opinion, produce a depressing effect; it will reveal the powerful position that the manufacturing interests of the United States occupy, and how selfish are the demands which they make. The interests of the people are

wholly forgotten in the mad scramble for legislation which will consolidate the monopolistic power exercised in the fields of industry and business.

Most of the witnesses who appeared exhibited no concern about our foreign trade, and, apparently, were utterly oblivious to the advantages and benefits to be derived from reciprocal trade and the development of international commerce. They declined to consider the advantages which labor enjoys from foreign markets for American products or from the importations of products, raw and semifinished, which in their utilization give employment to hundreds of thousands of American citizens.

Mr. President, the statement made by Mr. Webster in his great speech on the tariff in 1824 has often been referred to, but the wisdom and soundness of his position are too often forgotten. I quote a few sentences from that address:

Commerce is not a gambling among nations for a state to be won by some and lost by others. It has not the tendency to impoverish one of the parties to it while it enriches the other. All parties gain, all parties make profits, all parties grow rich by the operations of just and liberal commerce. * * * We have reciprocal wants and reciprocal means for gratifying one another's wants. This is the true origin of commerce, which is nothing more than the exchange of equivalents, and from the rude barter of its primitive state to the refined and complex conditions in which we see it, its principle is uniformly the same, its object being in every stage to produce that exchange of commodities between individuals and between nations which shall conduce to the advantage and to the happiness of both. Commerce between nations has the same essential character as commerce between individuals or between parts of the same nation. Can not two individuals make an interchange of commodities which shall prove beneficial to both or in which the balance of trade shall be in favor of both? If not, the tailor and the shoemaker, the farmer and the smith have hitherto very much misunderstood their own interest. And with regard to the internal trade of a country, in which the same rule would apply as between nations, do we ever speak of such an intercourse being prejudicial to one side because it is useful to the other? Do we ever hear that because the intercourse between New York and Albany is advantageous to one of these places it must therefore be ruinous to the other?

Mr. President, I believe that material progress in the long run must rest upon moral grounds and fundamental principles not formulated by man, but inhering in the eternal plan of the Divine Architect. A nation may prosper for a while by selfish and imperialistic policies, but sooner or later departures from the path of justice and righteousness will bring severe penalties. Too often individuals and nations forsake liberty and justice in their struggle for wealth and power. The statement made by Lord Bryce in an address delivered by him on April 3, 1913, should not be forgotten even when we are considering the dry details of a tariff measure, particularly when the provisions of the bill may injuriously affect the interests of the people, and prove disturbing to our international relations. Lord Bryce spoke as follows:

The world is becoming one in an altogether new sense. More than four centuries ago the discovery of America marked the first step in the process by which the European races have now gained dominion over nearly the whole earth. * * * As the earth has been narrowed through the new forces, science has placed at our disposal * * * the movements of politics, of economics, and of thought in each of its regions become more closely interwoven. * * * What ever happens in any part of the globe has now a significance for every other part. World history is tending to become one history. * * * The widening of the field is also due to a larger conception of history, which, through the aid of archaeology, now enables us faintly to discern the outlines of a process of slow and sometimes interrupted development of mankind in the Old World during a period each one of the divisions of which is larger than all the time that has elapsed since our first historical records begin.

Mr. President, a notable address was recently delivered by Doctor Butler, which I hope Senators, as well as millions of American citizens, will read. It comes at an opportune time and is a deserved challenge, if not a rebuke, to those who would cut the cables connecting the United States with other countries and erect barriers that would effectually separate this Republic from all nations. Doctor Butler is a distinguished Republican, not a reactionary or a standpatter. He is earnestly striving to bring the world into closer relations and to make of this Republic a worthy leader of liberal, progressive, and humanitarian movements. In his address he speaks of the revolutionary shift which is taking place in our country, changing the center of gravity of human interest, and placing wealth in the position which liberty formerly occupied. This, he states, explains the decline of political liberalism now taking place both in Europe and in the United States and which

results in the center of gravity of human interest being definitely removed from the "politics of principle to the politics of interest, from problems of liberty to problems of wealth."

Mr. President, I desire to quote at length from this inspiring and able address:

The enormous influence of this dominant motive on all human conduct and on all public policies is plain. It controls an increasing number of individual lives and it is shaping most powerfully the policies of nations both new and old, for the production and distribution of wealth is distinctly a collective or group act rather than an expression and revelation of individuality, as is the case in letters, the fine arts, or philosophy. In the field of scientific research, individual achievements of the highest order fortunately remain. * * *

The economic interest is now bound up closely, although we must hope not permanently or even for any considerable time, with that extreme form of nationalism which brought on the Great War and which was sent to its destruction by and through that war. If narrow nationalism, built on a truly political foundation, could not do better than it did, what can possibly be expected of a narrow nationalism that is built on an economic foundation? The world is just now standing at a crossroads. It may take the path in one direction and so make agriculture, industry, commerce, trade, finance, the fortunate means of uniting the whole world, of increasing its prosperity and of buttressing its peace; or it can take the opposite path and so turn the nations into narrow-minded, unsympathetic, jealous, and quarreling neighbors, and prepare the way for another cataclysm which, if it should come, would mark civilization's end.

What are we going to do about it? Where shall our influence be thrown? Shall it be for a repetition of the old stupidities, the old ignorances, and the old antagonisms, or shall it be for a new world order in which selfish competition shall be supplanted by kindly and large-minded cooperation? That is in substance the crucial question which at this moment awaits answer by leaders of opinion in every land.

It so happens that passing events in our own country offer excellent illustration of the alternative which is before the world. Our National Legislature is, at this moment, engaged in framing new tariff legislation. Those who are familiar even in cursory fashion with the political history of the United States know how important this is and to what results it may lead. They will recall the debates which accompanied the establishment of the so-called American system in 1816, and those which accompanied the enactment of what was described as the "Tariff of Abominations in 1828." They will recall the legislation of 1846 and that of 1861. They will not overlook the readjustments and vigorous controversies which marked the 20 years following the close of the Civil War. The McKinley tariff, the Wilson tariff, and the four important tariff revisions of the past quarter century are all reasonably familiar. The political disasters which followed the legislation of 1890 and that of 1910 must still be fresh in the public mind, and not without their lessons for the legislators of to-day.

It is perfectly possible for Congress, in enacting new tariff legislation to advance or to set back the prosperity and the peace of the world. The time has long since gone by when tariff legislation is purely a domestic matter. For the United States, as for Great Britain, for France, for Germany, for Italy, and indeed for almost every land, tariff legislation is primarily international in its incidence and in its more lasting results. Plainly, the time has not come nor is it in sight when Richard Cobden's ideal of absolute freedom of international trade is possible, even if practicable. The differences of level between the industrial systems of various nations are still too great to permit entire freedom of trade without overturning much that we should all like to keep secure. On the other hand, the goal of any tariff system should be, as Garfield long ago declared it to be, an increasing freedom of trade and international intercourse. In other words, tariffs established for purposes other than revenue are not ends in themselves, but means to ends. When those ends are achieved, the means toward them may be dispensed with. * * *

Doctor Butler further declares that:

It would be a sorry day for the world if zeal for liberty, if poetry, philosophy, and religion were permanently to remain in the background, and were to cease to hold their once dominant place in the life and the minds of men. It would be a long step backward if, through the substitution of wealth for liberty, men were to become permanently materially minded, and gradually to slip back into the state of industrious and contented ants. * * * We must bend every energy to make both defense of liberty and the production and just distribution of wealth a means of building the moral fiber of individuals and of nations, and of bringing the peoples of the earth into increasingly close friendship, interdependence, understanding, and cooperation for high purpose.

Mr. President, I now turn to some specific provisions of the bill before us. I have here a table prepared by the Tariff Commission, which has not yet appeared in the RECORD, but which will within a few days. I wish Senators would examine the table; it shows that literally hundreds, if not thousands, of com-

modities are prohibited from entering the United States because of existing high tariff duties.

The first page of this table, which I here exhibit to Senators, covers paragraphs from 1 to 29, inclusive, of the pending bill. Within these paragraphs are hundreds and perhaps thousands of commodities named and unnamed. The tariff rates are so high that many commodities are not imported, and of those imported many are but a small fraction in quantity or value of 1 per cent of the domestic consumption.

The highest ratio of imports to domestic consumption shown upon this page, containing hundreds of articles, is 6 per cent. For instance, acetic anhydride, the ratio of imports to consumption is one one-hundredth of 1 per cent. The following commodities show the ratio of imports to domestic consumption:

Boric acid, 1.38 per cent.

Citric acid, 0.58 of 1 per cent.

Tannic acid, 4 per cent.

Gallic acid, no imports.

Oleic acid, 0.15 of 1 per cent.

Phosphoric acid, 1.24 of 1 per cent, an acid important, as I shall show when we come to the schedule, for many purposes, including the manufacture of fertilizers.

Pyrogalllic acid, no imports whatever, and yet a high duty is continued.

Stearic acid, 2.93 per cent.

Ethylene glyco, the value of imports was \$13, and the domestic manufacture for the year 1927, to which this refers, amounted to 11,722,798 pounds. If there were imports they were so unimportant as not to have been classified, therefore the ratio of imports to consumption could not be given by the Tariff Commission.

The table before me shows a large number of commodities where the same ratios of imports to domestic consumption are shown. The same situation exists with respect to the commodities named upon the other pages of the table dealing with all the schedules of the pending bill. This table will appear as part of the remarks submitted by me a few days ago. Before leaving the table I wish to call attention to a few more items.

The House bill takes common bricks from the free list and imposes a duty of 21.64 per cent, and the Senate bill retains the duty imposed in the House bill. That is done though the imports are under 1 per cent of the domestic consumption. The duty on mirrors is increased by the House bill from 36.71 to 45.34 per cent, though our imports are less than 1 per cent of our national consumption.

Less than one-third of 1 per cent of our consumption of plywood is imported from Finland and Russia, yet the duty is raised from 33.33 to 40 per cent ad valorem. We imported less than one-half of 1 per cent of our national consumption of maple sirup, but the duties are to be increased from 23.74 to 43.7 per cent.

We imported but one-tenth of 1 per cent of our orange supplies, but the duty is to be increased from 57.94 to 61.08 per cent. Imports of unsweetened chocolate amounted to less than one-half of 1 per cent of our domestic consumption, but the rates in the present bill are to be increased from 18.55 to 35.75 per cent.

Mr. HARRISON. Mr. President—

The PRESIDING OFFICER (Mr. GOLDSBOROUGH in the chair). Does the Senator from Utah yield to the Senator from Mississippi?

Mr. HARRISON. The Senator stated that he had this list put into the RECORD the other day but that it had been withheld for some reason. When will it appear in the RECORD? It is a very important document.

Mr. KING. It was a part of a speech I delivered the other day and I have been so busy that I have not had time to put it into the RECORD.

Mr. HARRISON. It will appear in the RECORD of to-morrow?

Mr. KING. Yes; if I can get a little time to arrange the exhibits and make excerpts from the same as permitted by the Senate.

Mr. HARRISON. It is very important.

Mr. KING. Our imports of cotton yarn are only eleven one-hundredths of 1 per cent, but the House bill raises the duty from 28.09 to 33.59 per cent. The bill before us proposes that the United States protect itself against cotton cloth containing silk or rayon by raising the duty from 41.52 to 48.74 per cent, though our imports are only six one-hundredths of 1 per cent of our national consumption.

Our imports of cotton towels amounted to twelve one-hundredths of 1 per cent, and yet these imports are considered so great a menace to our prosperity that the tariff wall is to be raised from 27.68 to 32.68 per cent.

Our imports of men's and boys' shoes are less than one-half of 1 per cent, but the new bill takes these shoes from the free

list and applies a duty of 20 per cent. Women's and misses' shoes are likewise to be taken from the free list and subjected to a 20 per cent duty because of an importation of sixty-seven one-hundredths of 1 per cent of our national consumption.

Mr. President, the following are some additional commodities found in the table referred to where the imports constitute but a fraction of 1 per cent, and from that to less than 5 per cent:

Acetone, amyl alcohol, butyl alcohol, calcium arsenate, aluminum, hydroxide, ammonium aluminum sulphate, aluminum sulphate, ammonium sulphate, liquid anhydrous ammonia, cream of tartar, bleaching powder, calcium carbide, calomel, corrosive sublimate, carbon tetrachloride, chloroform, gold, silver, platinum, and rhodium salts, bismuth salts, coal-tar intermediates, coal-tar dyes, resins, medicinals, flavors and perfumes, cellulose esters, pyroxylin, rods, sheets, and tubes, vulcanized fiber, ethyl acetate, ethyl ether, amyl acetate, chestnut extract, fustic extract, hemlock-bark extract, logwood extract, oak extract, sumac extract, formaldehyde, hexamethylenetetramine, ink and ink powders, iodine, bromine, lead acetate, lead arsenate, licorice extract, manganese salts, menhaden oil, fish oils, castor oil, linseed oil, cottonseed oil, alizarin assistants, hydrogenated oils, vanillin, Prussian blue, ultramarine blue, bone black, chrome colors, carbon black, lampblack, bone black and char, litharge, orange mineral, red lead, white lead, satin white, varnishes, lithopone, zinc oxide, sodium bicarbonate, sodium carbonate, borax, salt, sodium chromate and dichromate, sodium hydroxide, mono, di, and tri sodium phosphate, Glauber salt, sodium silicate, sodium sulphite, sodium bisulphite, sodium thiosulphate, cornstarch, tin compounds, zinc chloride, zinc sulphate, and dynamite and other high explosives.

Mr. President, before the debate is over illustrations will be given of the folly of tariff provisions similar to those just indicated. Let me give another illustration. I know now that I will perhaps come in conflict with some of my friends of the dairy interests. Last year Denmark purchased from us goods to the amount of over \$47,000,000. Our purchases from Denmark were but \$4,000,000. With this balance of trade running heavily against Denmark we have embargoed Danish butter. It is interesting to note that our exports to Denmark consist largely of corn, cottonseed cake, and other concentrates, which were used by the Danes to feed their dairy cows and other cattle, and they sent to the United States a limited amount of butter. What is the result? The Danes are now turning to Germany and to Russia for feed—these concentrates—for their cows and their other cattle, the result of which will be of course that the farmers of the United States, who have been selling to Denmark large quantities of agricultural products, will have that market cut off.

Germany purchased from the United States in 1928 products of the value of more than double her sales to the United States, but we are imposing higher duties. The result of these will be to narrow markets for our exports.

Our sales to the United Kingdom for 1928 were nearly \$850,000,000, while their sales to us were but \$348,000,000.

Doctor Dennis, of the Tariff Commission, in an able address before the Virginia Institute a short time ago, referred to the fact that requests were made for an increase in the existing duty of 15 cents on corn, though the imports for 1928 were but one-fiftieth of 1 per cent of our national production. The inconsequential imports were particularly adapted to the feeding of pigeons and small fowls. He stated that the proposition to increase the duty on corn does not appeal to the Argentines, since much of the \$16,000,000 worth of agricultural machinery purchased by them from us last year was used in the cultivation of corn.

Demands are made for a higher tariff on Bermuda-grown celery, though our imports of Bermuda celery are only three one-hundredths of 1 per cent of our home production.

Doctor Dennis states that if protection is asked against an import of less than 1 per cent of our national production, what is really asked is not protection but exclusion. He added:

This doctrine of excluding foreign infinitesimals from our market is one that will plague us in the end. Also the novel doctrine of substitutional competition, which is based not on identity of product but upon identity of uses. Make the banana scarce and expensive enough by raising the tariff and the banana-craving individual will be compelled to buy Oregon apples. We can put so high a tax upon Swiss Emmentaler cheese or Italian Gorgonzola cheese that we shall have to depend upon inferior cheeses produced locally.

Our best customers have both the temper and disposition to boycott our goods. The Argentinians, for example, have four strings to their bow as purveyors to the United States. Their most important exports are beef, flaxseed, corn, hides. We have excluded their beef entirely from our market through the opportune discovery of the presence of foot-and-mouth disease in Argentina. The duty on flaxseed has just

been raised under the flexible tariff from 40 cents to 56 cents a bushel. Friends of the farmer are asking Congress to increase the corn duty from 15 to 25 cents a bushel. The new tariff bill as it emerged from the House puts Argentine hides for the first time on the dutiable list. Our sales to Argentina in the last statistical year (1928) were \$179,000,000 as compared to their sales to us of \$99,000,000.

Who will lose by this quality of exclusion, the United States or Argentina? Of course, both will lose; that is obvious, but it is certain that the United States will be the greater loser.

The Belgians are in ugly temper. They have plate glass, window glass, and cement for sale. We have recently raised the duty on plate glass under the flexible tariff provision. The new tariff bill calls for a higher duty on window glass and imposes a heavy duty on cement which has hitherto come in free. Our sales to Belgium in the last statistical year (1928) were \$112,000,000 as compared with their sales to us of \$75,000,000.

Canada is our best customer, purchasing over \$900,000,000 worth of goods from us yearly, while we buy something slightly less than \$500,000,000 worth from Canada; yet we have raised a lofty barrier against Canada's principal exports—wheat, timber, fish, dairy products. The duty on dairy products has been jacked up recently under the flexible provision of the tariff. The House is proposing to take the Canadian shingles from the free list and the high duty of 42 cents a bushel on Canadian wheat is still considered too low by certain specialists in American farm relief.

Italy is full of complaints since we sell the Italians goods to the amount of \$180,000,000 a year as against about \$100,000,000 worth of purchases from Italy. The Italians depend upon us for wheat to nourish the body; cotton fiber to clothe it—in other words, for necessities—while we depend upon the Italians for the luxuries of life—music, art, the beautiful work of men's hands in glass, lace, and marble.

It is possible some persons may not agree with the views of Doctor Dennis, but they are based upon data not to be lightly brushed aside and upon facts worthy of consideration; and for that reason I am calling attention to them. We ought to visualize, when we enact tariff laws, the fact that we are striking at other nations and that in the long run we may be the greater sufferers. If we drive South America and other purchasing countries from the field in which we have found an important place, the field will become barren and our harvest will be lost.

It is my purpose before we consider the rates in the chemical schedule to invite attention to the importance of the schedule and to the large number of groups of commodities comprehended therein. The chemical schedule is first in the Fordney-McCumber Act and in the bill under consideration. Perhaps no schedule in the bill is so comprehensive in its scope, in the diversity of articles included, and in the complex relations of those articles among themselves and to other industries of the country, as is the schedule on chemicals, which includes oils and paints. No other schedule contains so many commodities that enter into the lives and activities of the people and the development of industry as does the chemical schedule. The products embraced in this schedule have a direct or indirect relation to all other schedules of the tariff bill and particularly to those industries connected with the manufacture and production of articles embraced in other schedules. This schedule deals with primary and essential commodities and products; and if oppressive or prohibitive duties are imposed, it is obvious that additional burdens will be placed upon industry and commerce. If duties imposed upon raw materials are loaded upon intermediate products and upon all grades of production from raw materials to finished products, such additional costs resulting from such duties will be passed on to the consumer and thus being pyramided the latter will be compelled to sustain a grievous burden.

Most of the commodities embraced within the chemical schedule are indispensable in our industrial life. The textile trade requires dyes, and their increased cost adds to the cost of textiles which the people require. The chemical schedule is to this bill, as well as to industry and the business life of the people, what the foundation is to the superstructure placed upon it. If primary articles required in industrial production are burdened with heavy duties, such duties constitute obstacles to production.

This schedule contains 98 paragraphs, and, as I recall, names more than 600 items, not including a long list of coal-tar intermediates, dyes, and other products aggregating approximately 150 more. In addition, there are hundreds, if not thousands, of chemical compounds not specifically named, but which are included within the schedule. In this schedule, as well as in other schedules, there are basket clauses, into which fall a large number of commodities which are subjected to the rates therein prescribed. It is no exaggeration to say that this schedule touches all persons and most of the commodities, articles, and products which are needful to the life and welfare of the people.

It affects the home, clothing, medicines, and, indeed, substantially every commodity required by man.

Among such commodities are baking powder and yeasts, blackings, stains, and dressings including all forms of polishes, bluing for the family laundry, bone black, used among other purposes for the refining of sugar; crude chemicals and acids employed in nearly every industry and in the fabrication of thousands of finished products; drugs, medicines, and medicinal materials; perfumery and cosmetics, dyestuffs, and extracts which provide the multitude of colors for the wool, cotton, linen, silk, and other fabrics and for the dyeing of leather and leather goods, wall paper, colored inks, linoleum, carpets, curtains, and upholstery, paints and varnishes, explosives, fertilizers, and various forms of mineral salts and organic compounds; calcium carbide from which is made illuminating gas so important to rural communities and which furnishes the oxyacetylene flame for the welding of metals; glue and gelatin, grease, and tallow, not only needed for the supply of soap and for the dressing of leather, but for the lubrication of the wheels of commerce and industry; inks for printing and writing; olive oil, oil cake, linseed oil so important for the making of paints; castor oil, which is an essential medicinal commodity, and various kinds of oils from animal as well as vegetable life, some of which are the essences of fruits, flowers, and herbs; salt, soap, turpentine, and resin and the products of wood distillation such as acetic acid, acetones and methyl alcohol, and various forms of esters and ethers, vital in arts and manufactures; cellulose and celluloid compounds and various pyroxylin products; calomel and its various forms; carbon products, casein, chalk, and a variety of clays; chemical compounds and mixtures, and salts in which various chemical elements form constituent parts; an infinite variety of coal-tar products and synthetic organic chemicals; glycerin, magnesium compounds, manganese, menthol, all kinds of oils—animal, fish, and vegetable, including coconut oils; phosphorus compounds, pigments, and colors; zinc compounds including zinc oxides and sulphides and various forms of potassium; sodium and arsenate compounds; starch and various forms of dextrin; thorium compounds including the various salts of which thorium forms a constituent part.

These and many other products as I have indicated are embraced within this important schedule. It is needless to say that increasing the rates of duty, as has been done in the pending measure, will add to the burdens of the people. I have indicated that literally hundreds of articles may not be imported because of the high tariff rates of existing law, and it is certain they can not be imported under the pending bill. The Oil, Paint and Drug Reporter, a leading chemical periodical, names more than 1,300 chemicals and drugs used in the daily commercial life of the people, of sufficient importance to call for market quotations. There are hundreds of other chemicals and drugs bought and sold, but not of so great importance, commercially speaking, as the ones to which I have just referred.

An examination of the American Pharmacopoeia and the United States Dispensatory, both medical publications, will show many hundreds of chemicals, drugs, pharmaceuticals and medicines which fall within this schedule and the prices of which will be materially affected by increasing tariff duties. Though the Senate bill specifically names but approximately 600 chemicals, drugs, and related products, the basket clauses cover hundreds if not thousands of other commodities. I have here a statement containing the names of more than 1,300 commodities carrying market quotations, which appeared in the Oil, Paint and Drug Reporter, issue of August 5, 1929. These commodities are of more or less importance in our commercial and industrial life, and hundreds of them are of vital importance to the health and physical well-being of the people. I shall not ask to insert this list in the Record but shall be glad to exhibit it to any who are interested in examining the same.

The chemical industry in the United States does not come within the "infant" category, and appeals for high tariff rates based on the plea of the weakness and infancy of this industry are specious and without foundation.

Before considering the rates I think it proper briefly to survey the chemical industry and learn something of its proportions, its prosperity, and its dominant position in the industrial world. In my opinion, we will not discharge our full duty to the country if important reductions are not made in the rates of this schedule.

When Congress was considering the Fordney-McCumber bill the pressure of powerful interests was more apparent and, indeed, more real than at present in behalf of embargo rates for the commodities found within Schedule 1. Fervid appeals were made for prohibitive rates, upon the ground that "national preparedness" rested upon the chemical schedule. Rhetorical efforts were made to frighten Congress into the belief

that another war was imminent and that we could not successfully meet our enemies unless the chemical industry was protected from any possible competition from abroad. Germany, though exhausted and impoverished, was held before the eyes of Senators as a foe, economic and industrial, if not political, against which we must be prepared. There was much talk of poison gas and explosives and chemicals which were to play a vital part in all military conflicts, and we were conjured to aid this industry by giving it embargo rates and an unrestricted commission to exploit the American consumers. I might add in passing that imagination rather than fact was the basis of the eloquent appeals.

It was known that Europe was exhausted, that poverty and distress existed in every European country, and that hundreds of thousands were perishing from malnutrition and from the physical and mental sufferings through which they had passed during the tragic years of the World War. Unfortunately these appeals were successful, and there were written into the Fordney-McCumber Act tariff rates so high as to exclude from importation thousands of commodities important and necessary for the health and welfare of the people. And similar appeals have been made for the continuation of the rates found in the Fordney-McCumber Act. Indeed, representatives of some monopolistic organizations engaged in the production of chemical and other products have sought higher duties, and are now appealing to Congress to make it impossible for thousands of needed commodities to be imported. So successful have been the appeals that the House increased the duties upon 916 items, not including those that fall within the basket clauses. The Republican members of the Finance Committee confirmed the action of the House in many of the increased duties.

I invite the attention of the Senate to the fact that both the House and the Republican members of the Finance Committee have continued the American valuation embargo provision on dyes and other coal-tar products. The House bill contained a provision authorizing the application of the flexible provisions of the bill to these commodities subjected to the American selling price as the basis for computing duties. The Republican members of the Finance Committee adopted that provision.

The rejection by the Senate of the flexible provisions was a rebuke to those manufacturers who were seeking to prostitute the taxing powers of the Government and to afford them an opportunity to invoke Executive authority, under which they might charge extortionate prices for their products. Undoubtedly if the flexible provisions shall be retained—and I can not conceive it possible in view of the action of the Senate—applications would be made to increase the rates of duty to the full limit of 50 per cent, though the tariff duties now imposed are practically an embargo upon many commodities within paragraphs 27 and 28. This would be a burden which the textile industry of the United States would be compelled to bear.

THE CHEMICAL INDUSTRY NOT NEW

Mr. President, the chemical industry is not new in the United States. Its birth was contemporaneous with, if it did not precede, the birth of the Republic. More than a hundred years ago there were chemical manufacturing plants in the United States, and the number increased as the country developed and the wants of the people expanded. Prior to the World War the chemical industry had assumed large proportions. According to the 1914 census of manufactures, published by the Bureau of the Census, it was second among the industries of the country as to capital and investment, being exceeded only by the iron and steel industry. It was fourth among the industries in the value of its products, being surpassed only by the food and kindred-products industry, the textile, and the iron and steel industries.

The Tariff Commission and the Department of Commerce have prepared many reports based upon investigations made by them in regard to our imports, exports, and domestic production. I have drawn liberally upon these reports and publications of these departments and upon the statistical abstract for the facts herein presented.

During the World War the principal chemical manufacturers of the United States made enormous profits. The field was so inviting that many corporations were formed, chemical plants erected, and the volume of chemical products greatly increased. Unfortunately, war is seized upon by many industries to exact unjust tribute. Our allies, as well as our own country, were victims of extortionate prices, not only at the hands of the manufacturers of munitions and chemical products, but also those who produced other commodities needed by the people and in the prosecution of the war.

Some of the chief beneficiaries of the high rates in the chemical schedule have branch plants in Canada, Australia, England, France, Norway, and the South American countries and are to-day exporting many chemical products and successfully competing with foreign manufacturers. And my information is

that some of these corporations have formed agreements and alliances with chemical organizations in European countries. Instead of the chemical industry requiring additional protection, the record indicates that it is the most profitable industry in the United States. I shall advert to this matter later in my remarks.

Mr. President, the rates on most of the commodities in the chemical schedule should be reduced; none should be increased. The Fordney-McCumber rates are higher than those in the Payne-Aldrich bill, and the pending bill reaches levels never before attained in the United States. The United States is richly favored with raw materials for the manufacture of most chemicals. No other country possesses the varied resources or so many raw materials as does the United States. We enjoy unlimited supplies of the basic minerals and elements, from which many chemicals are derived, such as iron, lead, copper, zinc, petroleum, and earth metals, among them aluminum, magnesium, calcium, barium, and so forth. Our coal and petroleum deposits are greater than those of any country in the world. They are the chief sources of most of the organic chemical compounds. In view of these limitless resources and the extensive home market there is less reason for high rates of protection for the chemical schedule than there is for any other schedule.

As I have stated, the chemical industry is not an infant industry, nor is it threatened by foreign competition. It was a strong and powerful industry, vigorous enough to compete with Germany or any other country prior to the World War.

The Guaranty Trust Co., of New York, a powerful financial institution, which is credited to the capitalistic group and which has intimate knowledge of our industries and their development, published in its monthly paper, called *The Survey*, for July, 1929, a statement in regard to the chemical industry under the title "The American Chemical Industry." I quote from this publication:

There are two general misconceptions regarding the American chemical industry frequently found among otherwise well-informed business men; namely, that the industry is relatively new in American industrial history and that the scope of the chemical industry is of less significance in the general industrial process than is actually the case. These misconceptions, where they do exist, are not without justifiable cause.

There has been much popular comment within the last two years on the rapid expansion of the American chemical industry since the war. While it is true that this industry has undergone a very rapid expansion during this period, and while it is equally true that this development has brought the country into world leadership in the production of chemical and allied products, the fact remains that even before the war the industry was firmly rooted and operating on a sound basis in this country.

Chemical production in the United States is a native industry. A century ago there were approximately 100 chemical companies operating successfully with an aggregate capitalization of more than \$1,000,000; and in some branches of the industry the United States has always maintained leadership, more especially in electrochemistry. At present the American chemical industry is the largest in the world, and among other American industries it ranks third in capitalization, fourth in value of product, and third in the number of employees.

Some of the great trusts and manufacturers of chemicals, without regard to the facts, contend that this industry has been developed since the World War and is solely the result of the tariff rates provided in the Fordney-McCumber bill. The article just read controverts these statements and supports the view that before the war the chemical industry was firmly rooted and was operating on a sound basis in the United States.

In support of this view I call attention to the Commerce Yearbook for 1929, page 44, and to the Abstract of the Census of Manufactures for 1914, published in 1927, where it is shown that there were 262,000 wage earners engaged in the chemical industry in 1899 and 278,000 in 1914. The capital invested in the first-named year was \$1,163,816,000. The industry continued to develop, and in 1914 there was invested in the chemical manufacturing industries \$3,034,209,000. The total capital invested in manufacturing in the United States in 1914 was \$22,000,000,000, divided among 14 classes of industries. The iron and steel industry ranked first, having an investment of \$4,280,000,000, and the chemical industry occupied the second place with an investment of over \$3,000,000,000.

In a report published by the Department of Commerce, December 12, 1927, under the heading *World-wide Importance of the United States Chemical Industry*, the following statement appears:

* * * Even before the war, during the years 1899 to 1914, the groundwork for an important chemical industry had been established and the manufacturers logically situated to consummate a satisfactory synthetic organic chemical industry. American goods were already sold

in many foreign markets. During this period production, exports, and imports all had recorded a steady advancement, more than doubling in each case.

During the war Germany's exports were prevented by the blockade to which she was subjected. The demands for munitions and war chemicals by the allied powers and the United States resulted in a remarkable development in the domestic chemical industry. The E. I. du Pont de Nemours Co., the Union Carbide & Carbon Corporation, and the Allied Chemical & Dye Corporation, though they had been large producers of chemicals prior to the war, developed into powerful producing agencies. From 1899 to 1922 the production and export of chemicals increased. There was an increase of 500 per cent in the value of chemical products and also a large increase in exports.

As an evidence of the stability and growth of the chemical industry, I quote from a publication of the International Chemical Conference of the League of Nations under date of May, 1927, entitled "The Chemical Industry":

The order of participation of the four countries which took the greatest share in the production of chemicals in 1913 was as follows: United States of America, 34 per cent; Germany, 24 per cent; then come Great Britain and France.

The order remains the same to-day, but America's share has risen to 47 per cent and Germany's has fallen to 17 per cent.

The total foreign trade in chemical products amounted, on the basis of the export figures alone, to 3.2 milliards of gold marks in 1913 and to 4 milliards of gold marks in 1925.

The chief exporting countries in 1913 were as follows:

	Per cent
Germany.....	28
Great Britain.....	16
Chile.....	15

Substantially all of Chile's exports are nitrates, raw materials, particularly important to agriculture as the basis of fertilizers.

	Per cent
United States of America.....	10
France.....	10

In 1925 this order had changed as follows:

	Per cent
Germany.....	23
United States of America.....	16
Great Britain.....	14
France.....	13
Chile.....	11

AMERICAN CHEMICAL INDUSTRY, 1922-1929

From 1922 to 1928 the American chemical industry became the largest chemical industry in the world. According to the 1927 census, published by the Bureau of the Census, the value of its products increased threefold since 1914, the increase being from \$1,074,035,000, excluding petroleum, liquors, ammunition, coke, cottonseed oil and cake, firearms and gas, to \$3,063,157,000 in 1927. Wages increased from \$98,597,000 in 1914 to \$310,806,000 in 1927. The value added by manufacture increased 310 per cent during this period; that is, from \$436,614,000 in 1914 to \$1,491,252,000 in 1927.

That the chemical industry has enjoyed unusual prosperity is the statement of the Assistant Secretary of Commerce, Doctor Klein, who recently said:

The American chemical industry is to-day, in point of absolute volume, the greatest in the world in the value of manufacture, import, and export. The industry has increased its output 50 per cent during the past six years. In 1921 the total chemical production, according to figures furnished by the Bureau of the Census, was \$1,600,000,000, while the figures for 1927 are estimated as approximating \$2,500,000,000. Our foreign trade in chemicals has increased, exports from the United States having grown from \$123,000,000 in 1922 to approximately \$200,000,000 in 1927. These figures in themselves are sufficiently interesting to arrest attention, but they take on a great deal more significance when it is realized that in place of the raw materials which were shipped in the past, exports of chemical products now consist in major part of finished and otherwise highly fabricated commodities. The converse of this is true with raw materials brought in for subsequent processing. Imports in 1922 amounted to \$165,000,000, while in 1927 they approximated \$200,000,000. From a very low ebb six or seven years ago the American chemical industry has advanced to the point where to-day it is enjoying an extraordinary period of prosperity.

Doctor Klein's statement conclusively demonstrates the great prosperity attending the chemical industry in the United States and the enormous volume of production as well as of exports. As I have heretofore indicated, chemical imports consist largely of crude materials required by the domestic chemical industry and which are processed and finished, a portion of the finished

products being exported. I think Senators who are insisting upon the exclusion of imports, basing their contention upon the ground that that course is necessary for the prosperity of the American people, overlook important facts and fail to appreciate the benefits of reciprocal trade. For instance, continental United States exported in 1928 commodities of the value of \$5,311,000,000—\$273,000,000 going to United States Territories and possessions—while its imports for the same year from foreign countries were \$3,950,261,000. The imports from our Territorial possessions were \$398,485,000. Of our exports, 44.9 per cent, consist of finished manufactures, among these being iron and steel products, machinery, automobiles, cotton goods, chemicals, dyes, medicines, and innumerable fabricated products. More than 15 per cent of our exports consist of foodstuffs, such as flour, meat, fats, and so forth; 25.7 per cent of our exports consist of crude materials, among them being cotton, tobacco, and coal; 14.3 per cent are semimanufactured commodities, in which category are found iron and steel products, petroleum, lumber, and copper. It is obvious that these large exports contribute materially to the prosperity of the United States.

The fabrication of the products which we export furnishes employment for tens of thousands of American workmen. If we are sincerely interested in the welfare of the wage earner of the United States we will adopt a policy that will increase our exports and send our products to every land under the shining sun.

An examination of our imports reveals that the great majority consist of crude or raw materials which, as I have said, are indispensable to American industrial expansion. The imports of rubber, silk, hides, furs, wool, petroleum, fertilizers, and paper pulp furnish employment to many thousands of American wage earners, and add materially to the aggregate domestic production. Coffee, sugar, and numerous other products, not indigenous to the United States, are imported, constituting more than 22 per cent of our total imports.

As evidence of the imperative necessity of imports, in 1927 we admitted products of the value of \$2,621,873,000 free of duty, whereas commodities upon which duties were imposed in that year were valued at but \$1,562,869,000. In 1928 nondutiable imports were valued at \$2,616,239,000, and those upon which duties were paid were valued at \$1,475,205,000. It will thus be seen that the great majority of our imports are free; they are free because they consist of products absolutely necessary to meet the needs of the American people and our manufacturing industries.

Mr. President, since the pending bill has been under consideration I have called attention to the importance of our foreign trade and the advantages which agriculture and labor as well as industry generally derive therefrom.

I am perhaps traversing some of the ground heretofore covered, but in view of the hostility of some Senators to a policy that will be for the advantage of the American people growing out of the enlargement of our foreign trade and commerce, I have endeavored to present what I conceive to be the sounder and wiser policy, one that encourages American production and enlarges the boundaries of American markets. I am primarily concerned in America and in the prosperity of the American people, and I am certain that our manufacturing industries will be more prosperous and more wage earners will find employment at higher wages, if our foreign trade increases and our contacts with the world are more numerous. The home market is important but it is not all-important. Every political economist of note regards with disapproval narrow and provincial national policies that do not take cognizance of the interdependence of nations.

Mr. President, in a publication of the Bureau of Foreign and Domestic Commerce, being Trade Promotion Series No. 78, published this year and entitled "American Chemical Industry," the following statements are made:

The United States with the present production of chemical and allied products of \$2,278,000,000 and a foreign trade therein of \$400,000,000 has attained to world prominence in a field where 25 years ago it occupied a position of relatively minor importance. At the beginning of the current century in England and the United States and other large manufacturing countries there was much discussion of the tremendous growth of the German chemical industry during the two preceding decades. For the past few years all this discussion has seemed to center on the remarkable stride made in the chemical industry of the United States. During the period 1899-1925 both production and exports increased 500 per cent in value and imports rose 300 per cent.

An interesting and informing article, entitled "World-wide Importance of the United States Chemical Industry," appeared in the report of the Department of Commerce for December, 1927. It deals in a comprehensive way with chemical exports and with the subject generally. Those who desire to know some-

thing of the magnitude and power of this industry can, with profit, read the article referred to. I shall not take the time of the Senate to read it, but ask that excerpts be printed as a part of my remarks.

The PRESIDING OFFICER (Mr. HEBERT in the chair). Without objection, it is so ordered.

The matter referred to is as follows:

Even before the war, during the years 1899 to 1914, the groundwork for an important chemical industry had been firmly established and the manufacturers logically situated to consummate a satisfactory synthetic organic chemical industry. American goods were already sold in many foreign markets. During this period, production, exports, and imports all had recorded a steady advancement, more than doubling in each case.

Then came the abnormal World War period with the enormous demand for explosives and all the necessary war chemicals, followed by the inevitable era of depression, comparatively short lived in this instance. The indomitable will and capability for work of the American chemical manufacturer soon brought about recovery until in 1925 production surpassed the peak figure of 1919. Exports have also expanded steadily * * *

The paint and varnish industry, also well established in 1899 with a value of nearly \$75,000,000, recorded a steady advancement to \$150,000,000 in 1914, \$350,000,000 in 1919, and \$480,000,000 in 1925—a figure considerably in excess of that for the entire chemical industry in 1899 * * *. All kinds of pigments, paints, and varnishes have advanced in line with normal consumption, but probably the specialty paints and the new pyroxylin lacquers, so popular for painting automobiles, were the chief items in this unusual expansion.

The manufacture of coal-tar products, which comprise another group of chemicals, is a more recent development and represents both crude and highly processed chemicals. Among the highly processed synthetic organic chemicals are medicinals, dyes, flavors, perfumes, and photographic chemicals.

With the progress in the manufacture of finished goods, more and more crude distillates were made and consumed until the record was reached in 1926.

Of particular interest in this line is the achievement of the United States dye industry, which at present supplies 93 per cent of the domestic consumption. Dyes made by American manufacturers number hundreds and the value runs to over \$36,000,000. A greater appreciation of color is one of the most important reasons for the number manufactured.

Of the finished products of coal-tar origin, medicinals account for nearly \$7,000,000; tanning materials and synthetic phenolic resins, \$7,600,000; flavors, \$1,500,000; and perfumes, \$800,000. The adoption in recent years of certain coal-tar medicinals in the treatment of some diseases formerly regarded as incurable has proved valuable. * * *

With more and more paints being used each year, consumption of linseed oil, a necessary ingredient, has likewise improved from less than \$25,000,000 in 1899 to around \$100,000,000 in 1925.

Pyroxylin plastics offers perhaps the greatest possibility of expansion. Already its adaptability for a wide range of uses has considerably increased the number of commodities made therefrom. These enter into the manufacture of wearing apparel—rayon—toilet articles, and articles for adornment, for practical use in the form of writing implements or household appliances and utensils, and for entertainment in radio parts. Automobile manufacturers are big consumers also. * * *

In 1925 the manufacture of plastics and pyroxylin solutions alone approached \$50,000,000 in value.

Matches likewise have advanced in value to around \$25,000,000.

* * * Industrial chemicals, in some form, either directly or indirectly, used daily by everybody and by every industry, recorded the greatest progress of all chemical groups. Their 1925 production value of nearly half a billion dollars was nine times that of 1899. * * *

Another notable change in the industrial chemical branch has been the development of so-called specialty and packaged goods for retail sale. These include such well-known articles as cleansing materials, disinfectants, insecticides, and fungicides for household and agricultural purposes. The manufacture of insecticides and fungicides has attained considerable size as farmers realize that insects consume profits.

The value of industrial chemical production, aggregating \$55,000,000 in 1899, increased to nearly \$200,000,000 in 1914. Then came the period of most rapid expansion, partly due to abnormal European demand, to nearly half a billion dollars, followed by a setback in 1921. In 1923 the production value again shot forward, surpassing the 1919 figure by \$70,000,000.

* * * It would be impossible to mention the number of new chemicals the manufacture of which was begun and developed during this period on a scale sufficient to supply domestic requirements and allow for export. Besides the soda group, one of the leading branches, which markets an appreciable amount of household and other uses in packaged form, the compressed gases offer possibilities of continued expansion.

* * * Everyone is aware of the tremendous expansion in the sale of prepared medicines and toilet preparations, and observation in any up-to-date drug store will soon convince one of the enormous production that must be carried on to supply the demand. Starting in 1899 with a value of \$89,000,000, almost equal to that of the naval stores and paint group, this popular industry had a continued growth to nearly \$475,000,000 in 1925.

The synthetic organic products have entered this field also. Prepared medicines, chiefly those of a proprietary nature, take the lead with approximately \$175,000,000 showing a greater readiness on the part of the public to purchase goods with a recognized therapeutic value, manufactured under sanitary conditions in large and well-known laboratories.

It has now become the custom for practically everyone, no matter how limited the income, to use tooth pastes, talcum and other powders, perfumery, and cosmetics in general. This branch of the industry, therefore, also made remarkable strides, to almost \$150,000,000 in 1925. Considering the number of beauty parlors and barber shops in the large cities, and the fact that many of them compound their own preparations, it will be realized that this figure is probably much too low. * * *

To give an idea of the increase in consumption of chemicals during the past 25 years, production figures are given for 1899 and 1925, the last census year, and trade figures for 1926. During this interim production has gained 500 per cent, exports 400 per cent * * *.

Mr. KING. Mr. President, in an article appearing in the July issue of the Index, a publication of the New York Trust Co., a table is found showing domestic production for the years 1899, 1914, and 1925, of large groups or classes of chemical products. The article states that during this period of 26 years, namely, between 1899 and 1925, the production of chemicals increased 600 per cent. The following table shows the various groups and the production for each of the three years just stated:

United States chemical production
[In millions of dollars]

Group	1899	1914	1925
Naval stores and paints.....	90	168	528
Industrial chemicals.....	55	177	491
Medicinal and toilet preparations.....	89	167	473
Crude drugs, essential oils, waxes, etc.....	59	114	307
Fertilizers and fertilizer materials.....	53	176	235
Explosives, pyroxylin matches.....	25	63	132
Coal-tar products.....	1	13	112
Total.....	372	878	2,278

The Commerce Yearbook for 1929 deals with chemicals and related products, and states that the chemical industry occupies a strong and impregnable position, and is increasing in production and exports. The report shows that in the production of acids and miscellaneous organic and inorganic chemicals there has been remarkable progress. The citric acid industry has grown to major importance, the output in 1927 being more than 7,000,000 pounds. The production of phosphoric acid has increased, as well as acetic acid, the latter gaining more than 60 per cent in production over 1925, and nearly ten times in the amounts made and consumed in the same establishments. In the group of sodium compounds there have been increases in sodium, fluoride, hypochlorite, phosphate, caustic soda, and borax.

The production of alums and aluminum compounds has made remarkable progress, the output in 1927 being one-fourth larger than in 1923. Aluminum sulphate, an important chemical, likewise showed an increase not only in value but also in quantity. There has been an increase in the field of organic chemicals. This is true particularly in the production of solvents, synthetic aliphatic organic chemicals derived from petroleum and natural gas producing cheaper and better raw materials for other industries. These synthetic aliphatics are important in the manufacture of lacquers, rayon, synthetic resins, and vulcanized rubber. There has been an increase in the production of nitrocellulose lacquers, resulting in increased demands for butyl acetate, ethyl acetate, ethyl chloride, and similar solvents. There has been a great increase in the manufacture of synthetic perfumes. The increase in carbon bisulphide is attributable to the rayon industry, as a result of which the sales of rayon in 1927 amounted to more than 45,000,000 pounds.

In the group of inorganic chemicals there has been a constant enlargement of production. This is particularly true with respect to calcium chloride, copper carbonate, iron ammonium citrate, mercuric chloride, and many chemicals used for insecticide purposes. There has been a large increase in the manufacture of medicinal, pharmaceutical, and toilet, preparations. Drug-store preparations have doubled since 1914, and proprietary medicines and compounds have increased more than two and

one-half times. In biological chemistry there has been a great increase in the variety of antitoxins, serums, and vaccines. In 1925 the value of these products was \$10,622,000, and in 1927 more than \$18,000,000. The value of patent and proprietary medicines manufactured in 1927 was more than \$182,000,000, and of insecticides and fungicides approximately \$21,000,000. There was an advance of 21 per cent, or more than \$114,000,000, in the value of paints and varnishes between 1923 and 1927, the total value of these and related products for that year amounting to more than \$419,000,000.

I have stated that many of these chemicals, so important to industry, are covered by paragraph 2 of the pending bill, and are subjected to a rate of duty of 6 cents per pound and 30 per cent ad valorem. This is tantamount to an embargo of most of them. The representative of the Union Carbon & Carbide Co., appearing before the Ways and Means Committee, requested that paragraph 2 be written as it appears in the bill. It would seem that this powerful trust is regarded as so feeble as to require further subsidies. This paragraph deals with organic chemicals, and includes hundreds of products, only a limited number of which are even of commercial production and use.

The chemical industry has assumed such proportions that its exports to Germany, Switzerland, Great Britain, and France, where the chemical industry has long been established, and to all parts of the world, have been very large. The United States is now exporting 16 per cent of the world's total exports of chemicals and related products; and, as I have stated, some of the largest manufacturers and exporters have subsidiary organizations in foreign countries. As evidence of the impregnable position occupied by the chemical industry of the United States, the records disclose that 37 per cent of all chemicals exported are purchased in European countries. In an article appearing in the Commerce Report, issued December 12, 1927, entitled "World-wide Importance of the United States Chemical Industry," it is stated that the United States is the largest producer in the world of naval stores and commodities in the paint and varnish group, and that it leads the world in the export of these chemicals. This group shows a 400 per cent expansion in values between 1913 and 1927.

Naval stores are sold in the industrial centers of the world, and American paints and pyroxylin lacquers are exported to nearly every country. Eight per cent of our chemical exports are coal-tar products—about one-half crudes and the other half finished products. To China, Japan, and India colors, dyes, and stains of the value of more than \$6,000,000 were shipped in 1926. Our exports of explosives and fertilizers have shown considerable increase, the exports of the latter being 600,000 tons in 1900 and 750,000 tons in 1926. Our exports of ammonium sulphate and other prepared fertilizer mixtures have also increased. Industrial chemicals constitute one-fourth of our total exports, being an increase of more than 400 per cent since 1913.

Exports of chemicals in 1899 were limited, consisting largely of sulphuric, acetic, and other acids, methanol, acetate of lime, copper sulphate, washing powder, baking powder, and metal polish. There has been a remarkable expansion in sodium compounds, ammonium compounds, bleaching powder, dextrine, compressed gases, and, chief of all, insecticides, disinfectants, and similar preparations. These products are shipped in increasing quantities to all parts of the world. In 1927 our sulphur exports amounted to more than 800,000 tons, and medicinals, pharmaceuticals, and toilet preparations valued at more than \$32,000,000 were exported in 1927, this being an increase in shipments of more than 800 per cent over the exports of 1899.

An examination of the statistics shows markets for our chemical exports in more than 28 countries, the aggregate exports being valued at \$192,541,000 in 1927. The report states that—

At the present time no country is too distant or undeveloped for American chemicals not to be known. Some of the best individual markets are the English and Spanish speaking countries, especially those which have been reaching out toward wider commercial developments on their own behalf, such as Canada, Australia, New Zealand, and British South Africa.

Europe offers the best field for our chemical exports, and purchased in 1926 more than one-third of the same, which was three times as much as in 1899. The United Kingdom is our most important market, purchasing large amounts of both crude and finished products, among which are naval stores, benzol, sulphur, industrial chemicals, prepared medicines, and toilet preparations. Japan is an important consumer of our exported chemicals and Canada is the second largest.

I invite attention to the report of the Department of Commerce (1929, p. 590), showing production and exports of chemical and related products since 1925. The exports were ap-

proximately \$200,000,000 for 1928, coal-tar dyes and other coal-tar products representing 8 per cent of the total. Naval stores, paints, and varnishes comprise one-third of our industrial chemicals and represent approximately one-fourth of the total exports. There has been an increase of nearly 800 per cent in the exports of industrial chemicals. In the Commerce Year-book for 1929 data concerning the chemical industry appears. Reference is there made to the fact that the average unit value of all domestic coal-tar dyes sold in 1928 was 9.2 per cent more than the average in 1927. I might add parenthetically that this seems to indicate that the manufacturers of dyes, if they have not combined, have fixed prices for these products. It is important to note that there have been increases in the prices of drugs and pharmaceuticals from a 1914 price index of 100 to 164; in essential oils from 100 to 171; in crude drugs from 100 to 194; in chemicals and drugs from 100 to 120.

The report in dealing with 1928 states that the foreign trade in chemicals and related products was favorable, the exports being valued at \$188,674,000 and amounting to 28 per cent and the imports to 24 per cent greater than the average for the 1921-1925 period. The report states:

In both cases these increases are the result of the continued development of the domestic chemical industry, the increase in imports owing chiefly to purchases by American factories of raw and partly finished materials not indigenous to this country.

The fact is that our imports are largely what might be called raw and crude materials, necessary to the development of the domestic industry. In other words, we import crudes and some intermediates, thus building up a manufacturing and producing business, and export finished products to all parts of the world. One-half the total value of exports of chemicals and related products went to Canada, the United Kingdom, Germany, Japan, and Argentina. Germany purchased one-tenth of these exports. Among the exports in 1928 were coal-tar products of the value of more than \$14,000,000; medicinals and pharmaceutical preparations valued at more than \$20,000,000; industrial chemicals valued at nearly \$41,000,000; pigments, paints, and varnishes of the value of \$25,612,000; fertilizers valued at nearly \$16,000,000; explosives and fuzes of the value of \$5,000,000; and perfumery and toilet preparations valued at nearly \$9,000,000.

There were exports of naval stores valued at \$25,000,000; other gums and resins, \$1,401,000; crude drugs and botanicals, \$3,273,000; essential oils, \$1,887,000; linseed and tung oils, \$228,000; sulphur, \$15,052,000; and pyroxylin products, \$3,359,000; and other commodities valued at approximately \$2,000,000.

The principal imports were fertilizers, amounting to \$78,000,000; gums and resins, crude drugs, and botanicals of the value of \$42,000,000; and linseed and tung oils of the value of more than \$13,000,000. An examination of the table of imports and exports demonstrates that the United States can compete with Germany, Great Britain, France, and Switzerland in the markets of the world in substantially all branches of the chemical industry. There was a large increase in foreign sales of antitoxins, serums, and vaccines. The increase in exports of industrial chemicals in 1928 was 14 per cent over that of 1927, and 35 per cent more than the 1921-1925 average.

The United Kingdom, Canada, Japan, Mexico, Germany, and Cuba were important buyers of American exports. With respect to pigments, paints, and varnishes, exports of this class were advanced steadily. In 1914 foreign sales of lacquers, roofing paints, and ship-bottom paints increased; and since then most purchasing countries have increased their purchases of pigments, paints, and varnishes, the exports being 20 per cent greater in 1928 than in 1927. The amount of carbon black exported was 50 per cent larger than in 1927. There was also a material increase in the value of exported explosives. The imports of coal-tar chemicals were less than in 1927, and the value of medicinal and pharmaceutical preparations imported decreased 4 per cent over the imports of 1927. The report states that imports of crudes or semimanufactured chemicals used for further elaboration by the American manufacturers are imported because domestic production is lacking. However, the imports in this group declined 15 per cent and were \$16,000,000 less than exports. There was also a sharp decline in the imports of glycerin, iodine, and alcohols.

During the hearings a number of witnesses sought to convey the impression that the chemical industry was threatened by foreign competition; that production was decreasing, and that imports during the year 1929 were materially increasing. In view of these claims, I desire to call attention to an article recently published by the Department of Commerce which deals with exports and imports for the first six months of 1929. The article states that—

Considerable progress was made in the United States foreign trade in chemicals and allied products during the first half of 1929. Exports aggregating \$105,715,000 were 13 per cent greater than during the first half of 1928, and were higher than for any other six months' period. Imports of \$123,173,000, although 8 per cent more than for the corresponding period of 1928, were not as large as for some other half-year periods.

The article states that the most notable gains in exports were in rosin, turpentine, sulphur, coal-tar dyes, gases, zinc oxide, lacquers, paint specialties, carbon black, nitrogenous fertilizers, and prepared fertilizer mixtures. There was a decrease in the imports of creosote oil, ammonium-sulphate nitrate, and ammonium sulphate and other forms of fertilizers as well as in numerous commodities. There was an increase in the exports of naval stores, the excess being one-fifth more than the exports for 1928, during the same period. The exports of coal-tar products gained one-third and the imports were 5 per cent less than for the corresponding period of 1928. The imports of creosote oil were also 15 per cent less than for the same period in 1928. There was an increase in the exports of coal-tar colors, dyes, and stains, the exports being 32 per cent greater than for the same period in 1928. The exports amounted to more than 18,000,000 pounds and imports were slightly more than 4,000,000 pounds. The imports were of the higher priced specialty dyes.

The exports of medicinals and toilet preparations showed a material increase. Of the industrial chemicals exported the sales exceeded by 4 per cent those for a like period in 1928. The exports of fertilizers were 18 per cent in excess of the exports for a similar period in 1928. Foreign sales of American pigments, paints, and varnishes increased throughout the current half year, the total being more than \$15,000,000. This was nearly one-fourth more than the exports for the same period in 1928. A demand for these commodities has been created in nearly all

countries of the world, and the sales are substantial and steady, with a constant increase. The imports of paints were only a fraction of the exports.

It will be noted that the exports for the first six months in 1929 amounted to more than \$105,000,000, and were greater by 15 per cent than during the first half of 1928, and were larger than during any six months' period in the history of the domestic chemical industry; and yet witnesses appearing before the Finance Committee sought to create the impression that we were being inundated by foreign chemicals and that our exports were diminishing.

It appears also that there was an increase in the exports of amyl and butyl acetate, and yet the Finance Committee has increased the rates of duty on these commodities approximately 100 per cent.

It has been established that there were large exports of chemical products dutiable under the tariff act of 1922; it would therefore appear that if the United States can compete with Germany and other countries in which the chemical industry is well established there not only should be no increase in the duties in the chemical schedule but a decrease in the rates upon many of the commodities found therein.

Representatives of the Tariff Commission at my request furnished me with a table showing some of the dutiable chemicals which are exported to various countries, among them being Belgium, France, the United Kingdom, Argentina, Germany, Japan, and British South Africa. This table shows a large domestic chemical production and exports of products which are sold in competition with chemical products in these countries.

I have the table here, and I ask that it be printed as a part of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table is as follows:

Some dutiable chemicals that are exported
[Source: U. S. Tariff Commission, Summary of Tariff Information, 1929]

Commodity	Production			Exports		
	Year	Quantity	Value	Year	Quantity	Value
Acetic acid.....	1927	95,933,705 pounds		1928	1,000,000 pounds (or less)	
Boric acid.....	1927	21,069,603 pounds	\$1,582,565	1928	3,382,183 pounds	\$189,627
Oleic acid or red oil.....	1928	64,426,377 pounds		1928	6,253,570 pounds	547,437
Stearic acid.....	1928	44,270,010 pounds		1928	2,260,542 pounds	257,178
Acetone.....	1928	24,000,000 pounds		1928	4,959,104 pounds	426,656
Methyl or wood alcohol (methanol).....	1927	5,414,154 gallons		1928	370,136 gallons	
Ethyl alcohol (nonbeverage).....	1927	184,323,017 gallons		1927	477,089 gallons	467,004
Calcium arsenate.....	1927	18,715,563 pounds		1928	1,178,702 pounds	67,151
Aluminum sulphate.....	1926	661,680,000 pounds	8,066,990	1928	45,426,137 pounds	552,342
Ammonium sulphate.....	1926	1,167,425,453 pounds		1928	208,353,600 pounds	4,373,162
Blackening, cleaning, and polishing preparations.....	1927		59,242,982	1928	10,185,435 pounds	2,085,245
Bleaching powder.....	1925	115,438 tons	3,964,604	1928	21,869,528 pounds	369,589
Calcium carbide.....	1925	127,600 tons	6,559,378	1928	3,745,899 pounds	173,382
Tailors' and billiard chalk.....				1928	1,560,472 pounds	204,121
Coal-tar intermediates.....	1927	240,073,184 pounds		1928	2,806,935 pounds	316,176
Dyes and colors.....	1927	95,167,905 pounds		1928	32,323,064 pounds	6,531,719
Photographic chemicals.....	1926	393,426 pounds		1926	437,381 pounds	131,266
Medicinals.....	1927	3,598,839 pounds		1928	791,615 pounds	321,113
Cellulose esters and solutions of pyroxylin.....	1925	40,370,109 pounds		1928	1,504,933 pounds	381,403
Pyroxylin plastics.....	1927	17,300,000 pounds	16,507,000	1928	3,147,203 pounds	2,264,409
Pyroxylin, cellulose, or esters (finished or partly finished).....	1927		50,000,000	1928	868,790 pounds	1,094,513
Vulcanized fiber.....	1927		23,817,616	1928	6,010,521 pounds	1,592,986
Chestnut extract.....	1925	294,425,093 pounds	5,065,347	1928	10,651,519 pounds	351,392
Logwood extract.....	1925	13,697,714 pounds	1,205,005	1928	2,099,035 pounds	206,102
Dye extracts (all other).....	1925	4,825,093 pounds	298,808	1928	940,162 pounds	99,494
Tanning extracts (all other).....				1928	38,200,146 pounds	1,966,631
Flavoring extracts.....	1925		32,568,000	1928	622,691 pounds	559,033
Formaldehyde.....	1927	29,920,072 pounds		1928	2,368,086 pounds	199,357
Gelatin.....	1928	17,069,000 pounds		1928	243,997 pounds	159,106
Glue.....	1927	180,064,511 pounds	19,122,566	1928	2,547,426 pounds	425,607
Ink and ink powders.....	1925		40,837,644	1928		2,171,341
Lead arsenate.....	1927	18,728,054 pounds		1928	1,093,673 pounds	141,235
Linseed oil.....	1928	100,192,604 gallons		1928	1,965,147 pounds	227,886
Expressed and extracted oils (all other).....	1928	Not available		1928	8,190,180 pounds	709,385
Cottonseed oil.....	1928	1,476,609,000 pounds	132,372,000	1928	51,702,246 pounds	4,656,725
Soybean oil.....	1928	4,715,908 pounds		1928	7,142,097 pounds	756,094
Hydrogenated oils and fats.....	1928	578,470,248 pounds		1928	5,630,959 pounds	759,569
Oils, distilled or essential.....	1925		5,881,689	1927	3,616,894 pounds	1,290,643
Peppermint oil.....	1923	119,750 pounds	393,856	1928	176,718 pounds	604,320
Perfumery and cosmetics.....	1925		147,392,734	1928		8,855,110
Plasters.....				1928	385,521 pounds	452,029
Pigments, colors, stains, and paints, n. s. p. f.....	1925		327,082,681	1928		8,440,849
Gas black, lampblack, and other black pigments.....	1927	265,388,842 pounds	14,501,584	1928	81,654,081 pounds	7,013,356
Red lead.....	1927	78,146,000 pounds	6,980,042	1928	4,167,918 pounds	364,995
White lead.....	1927	315,390,000 pounds	34,537,385	1928	12,952,743 pounds	952,316
Ocher, sienna, and umber.....	1925	57,063,165 pounds	1,265,294	1928	38,743,090 pounds	1,086,126
Varnishes.....	1927	99,055,300 gallons		1928	850,093 gallons	1,370,112
Zinc oxide or leaded zinc oxide.....	1925	183,004 tons	25,407,629	1928	29,598,165 pounds	1,849,889
Lithopone.....	1927	353,988,000 pounds	17,163,620	1928	6,651,523 pounds	337,565
Soaps.....	1925	2,935,514,366 pounds	241,599,178	1928	63,876,489 pounds	6,502,414
Sodium bicarbonate.....	1927	120,950 tons	3,639,341	1928	18,711,148 pounds	344,974
Sodium carbonate, calcined or soda ash.....	1927	2,038,299 tons		1927	40,802,301 pounds	977,414
Sodium borate or borax, refined.....	1927	64,864 tons	5,079,278	1928	135,702,837 pounds	3,454,171
Sodium carbonate, hydrated or sal soda, and monohydrated and sesquicarbonate.....	1927	98,482 tons	2,775,724	1926	12,652,716 pounds	159,810
Sodium chloride.....	1927	7,568,690 tons	24,817,962	1928	290,792,498 pounds	1,185,682

Some dutiable chemicals that are exported—Continued

Commodity	Production			Exports		
	Year	Quantity	Value	Year	Quantity	Value
Sodium chromate and dichromate.....	1927	31,462 tons.....	\$3,780,435	1928	8,692,088 pounds.....	\$560,777
Sodium hydroxide.....	1927	1,187,946,000 pounds.....		1928	119,414,865 pounds.....	3,487,832
Sodium phosphate.....	1927	152,138,000 pounds.....	5,613,053	1928	2,377,408 pounds.....	
Sodium silicate.....	1927	499,857 tons.....	6,745,405	1928	59,307,272 pounds.....	
Starch, potato and other.....	1925	874,308,294 pounds.....	34,924,905	1928	241,081,982 pounds.....	8,089,359
Dextrine.....	1921	18,840,834 pounds.....	490,872	1928	21,390,956 pounds.....	929,436

Mr. KING. Prior to the World War chemical imports were chiefly finished products, such as coal-tar dyes and medicinals; and exports consisted largely of unfinished or raw materials, such as wood alcohol, acetate of lime, copper sulphate, and so forth. To-day, chemical imports consist essentially of crude and semimanufactured products, and the exports are largely finished products.

An examination of the Commerce Report for December, 1927, confirms what I have stated as to the paramount position occupied by the United States in the field of chemical industry.

The following statement appears in the report just referred to:

* * * This brief survey, covering only a few of the necessary crude materials which must be imported from foreign countries and the remarkable expansion in their values since 1899, indicates the notable strides made in the development of the American chemical industry. It also shows that for years to come the United States will undoubtedly be one of the world's largest consumers and the best outlet for many of these materials. As an exporter of chemicals, the United States ranks second, surpassing all countries except Germany.

The Commerce Yearbook for 1929 contains important data concerning the chemical industry. The statement is made that the imports of medicinal and pharmaceutical preparations were 4 per cent less than 1927. A statement similar to that found in former reports bears repetition, namely:

Certain crude or semimanufactured industrial chemicals, largely used for further elaboration by the American chemical industry, are imported in large amounts because domestic production is lacking. Imports of the group in 1928 dropped 15 per cent, and were \$16,600,000 less than exports. The decline extended over many of the individual commodities, but the outstanding losses were registered in alcohols * * * notwithstanding the rapid increase in demand for industrial alcohols. Glycerin, formerly one of the largest items, was imported in 1928 to only one-fifth of the 1927 value, while iodine and crude potassium bitartrate or argols also fell off * * *. (P. 596.)

An examination of the table on pages 595 and 597 of the report confirms statements which I have heretofore made as to the character of the exports and imports, and the great variety of finished products which find their way into the competitive fields of other nations. The value of chemical products exported in 1928 was more than \$188,000,000. The principal exports consisted of coal-tar chemicals, colors, dyes, stains, medicinal and pharmaceutical preparations, and industrial chemicals. In 1928 exports amounted to 96 per cent of the imports; the larger part of the imports consisting of fertilizers and raw materials essential to the domestic chemical industry. More than 75 per cent of the chemical imports are products or commodities which can not be produced in the United States. The total value of exports of chemicals and related products, both dutiable and nondutiable, for 1927 was \$192,975,000; \$43,781,000 were dutiable, representing 33.7 per cent, and \$86,076,000, representing 55.3 per cent, were nondutiable.

Of the imports not dutiable, \$58,062,000 were fertilizers not produced in this country. I might add that there were also included in the nondutiable chemicals and related products \$163,000 worth from the Philippine Islands. Among the nondutiable chemicals and related products which should remain on the free list are the following:

Coal tar crude products, quinine sulphate and other alkaloids and salts from cinchona bark, white arsenic, copper sulphate, crude iodine, potassium cyanide, crude potassium nitrate, sodium cyanide, radium salts, and perfumery materials.

I have here pages 595, 596, 597, 598, and 599 of the report from the Commerce Year Book, showing with a good deal of particularity the character of our exports. I shall not ask to have it inserted in the Record, but it is available for any Senators who desire to examine it.

The free list, dealing with chemicals, covers such commodities in the finished state as can not be imported owing to the fact that the freight rates or cost of containers are so great as to constitute an embargo, and also chemicals in the raw or semi-

finished state which are not produced in this country. Very few chemicals in the finished state are on the free list. The following are among the finished chemicals which can not be imported owing to the excessive cost of transportation or containers:

Hydrofluoric acid, hydrochloric acid, nitric acid, sulphuric acid, mixtures of nitric and sulphuric acid, valerianic acid, calcium chloride, calcium acetate, calcium nitrate, calcium cyanamid, chalk, copper sulphate, copper acetate, ferrosulphate.

The following are some of the chemicals on the free list because they are not produced or found in the United States, almost all of which are raw materials or in the semimanufactured state:

Crude drugs, albumen, argols, sulphide of arsenic, white arsenic, borax, potassium cyanide, fertilizers, crude iodine, copper iodide, crude phosphates, potassium chloride, potassium sulphate, crude potash salts, crude potassium nitrate, quinine sulphate, radium salts, selenium salts, sodium nitrate, crude sodium sulphate, sulphur, uranium salts, crude gums, crude resins.

Mr. President, I have here an interesting article by T. W. Delahanty, assistant chief, chemical division, United States Bureau of Foreign and Domestic Commerce. It was published in January, 1929, in the Chemical and Metallurgical Engineering Journal. I desire to read a few sentences:

Based on an estimation of qualified representatives of the major chemical producing countries of the world, rendered at the international economic conference in May, 1927, the United States was acknowledged as the largest factor in chemicals, accounting for approximately one-half of the world's production.

Such has been the reaction of the estimators, who indicate that the field as arbitrarily defined accounts for an annual world production of approximately \$5,000,000,000, of which that of the United States is in the neighborhood of two and a half billion dollars, three-fourths of the balance being accounted for by Germany, the United Kingdom, France, and Italy.

Of the world's chemical production about \$1,000,000,000 worth enters foreign trade.

We are producing one-half of the world's chemical products, surpassing the great chemical countries, such as Germany, France, Great Britain, Switzerland, Belgium; and our production is greater than that of all these countries combined.

Owing to the fact that the Senate finance bill has increased the rates of duty on most chemicals used in the manufacture of lacquers for automobile finishes, and so forth, it is pertinent to consider the status of that part of the American chemical industry producing these commodities. I quote from an article entitled "Progress in the Synthetic Organic Chemical Industry, 1928," by the Chief and Assistant Chief of the Chemical Division of the United States Tariff Commission, published in the Industrial and Engineering Chemistry issue of January, 1929.

The article, in part, follows:

The United States is one of the few countries endowed with natural and developed resources for the production of coal-tar and non-coal-tar organic chemicals. In the production of coal-tar chemicals Germany for many years led all other countries. Recently the United States and other nations have made rapid progress in this field and in the production of non-coal-tar products the United States has attained the position of leadership. It is freely predicted that this group of chemicals may soon rival in importance those of coal-tar origin.

In the last seven years the production of aliphatic (non-coal-tar) chemicals has increased about thirteen times in quantity from 21,500,000 pounds in 1921 to 281,000,000 pounds in 1927. They have a wide range of application, including their use as lacquer solvents, medicinals, perfumes, flavors, rubber accelerators, flotation agents, photographic developers, and explosives.

Mr. President, I think I have established beyond all controversy that the chemical industry is not a feeble infant but a powerful giant and that it is in no position to ask Congress for

increases in tariff rates. Indeed, the facts are such as not only to warrant but to require material reductions in many of the rates in the chemical schedule.

Much was said during the hearings in regard to the wages in the United States and other countries. When the Senate reaches some of the paragraphs of the bill in which the wage factor is more important than in the chemical schedule, I shall submit some figures which I regard as important. I shall, however, briefly refer to some features of the wage question relating to the chemical industry.

WAGES IN THE CHEMICAL INDUSTRY

According to the 1927 Census of Manufacturers, published by the Bureau of the Census, the chemical and allied products industry showed the largest value added by manufacture in proportion to the amount of wages paid of any of the major domestic industries except the tobacco industry.

However, this is a minor industry compared with the food, textile, iron, and steel, lumber, paper, chemical, stone, clay and glass, machinery, and transportation industries. According to the census of manufacturers of 1927, in the chemical industry, the value added by manufacture was 4.38 times the wages paid, while in the food industry the value added by manufacture was 3.42 times the wage cost; in the textile industry, 2.30 times; in the iron and steel industry, 2.10 times; in the lumber industry, 2.00 times; in the paper industry, 3.26 times; in the machinery industry, 2.57 times; and in transportation equipment, 2.23 times. Therefore the relationship between value added by manufacture and wages paid in the chemical industry indicates either less necessity for protection in this industry, or that labor is underpaid in proportion to production obtained.

A comparison of average wages and productivity, as reported by the census figures of each country, per worker in the United States (1925) and Great Britain (1924) shows that while the average British worker received in the chemical industry 41.27 per cent of the wages received by the average United States worker he only produced in value 39.85 per cent of what the American worker produced. The corresponding percentages in paints and varnish were 41.94 and 38.84; in soap, 47.22 and 40.61. In quantity the average British worker produced only 25.57 per cent of the soap produced by the average American worker. For every dollar paid out in wages, the American chemical manufacturer received in value added by manufacture \$3.42 compared with \$3.41 received by the British manufacturer. While the British manufacturer paid for three men approximately what was paid by the American manufacturer for one, the latter received for the product of the labor of one man more than the former received for the products resulting from the work of three men.

The corresponding values in paints and varnish were \$4.99 and \$4.62 and in soap \$5.04 and \$4.33.

This discrepancy in labor productivity was undoubtedly caused in part by the much lower horsepower in mechanical power available to the British workman. In chemicals this was only 34.12 per cent; in paints and varnish, 52.76 per cent; and in soap, 59.24 per cent of the horsepower available to each American worker. In the latter part of 1928 the average German annual wage in the chemical industry was \$591, compared with \$1,536 paid to American workers in the same industry. However, 10 per cent must be added to the German wages to cover social insurance, pensions, and other social charges. The German chemical wages are thus about 43 per cent of American chemical wages. The productivity of the German worker in a number of related industries compared with American productivity per worker shows the following percentages:

	Per cent
Petroleum	20.91
Petroleum refined	29.50
Coke	48.94
Sulphur	7.78
Graphite	25.59
Salt	27.08
Sugar refining	35.95

Such statistics as are available, therefore, indicate that while wages in the chemical industry are lower in Germany than in the United States the productivity per worker is also much lower.

These are calculated from figures published in German official statistics in the German Yearbook and other official German sources.

However, if the German wage earner in the chemical industry were equally efficient as the American worker and received half the wages received by the American worker, that would not change the competitive position of the two countries, since wages in the chemical industry constitute only about 15 per cent of the value of production. If other conditions were equal and the chemical tariff were based on wages alone, the above

relationship, holding average tariff rates of about 7 per cent, would be sufficient to meet the wage differential and afford adequate protection to the United States chemical industry.

The competitive position of the chemical industry in the United States has improved greatly over that of 1914. The President's committee on economic changes, the Hoover committee, calculated that the productivity per worker in the chemical industry in the United States had increased 52.29 per cent from 1914 to 1925. (Recent Economic Changes, vol. 1, pp. 148-164, and vol. 2, p. 457.)

In the same period the real wages or commodities received for their work by the wage earners in the chemical industry, increased only 17 per cent. This conclusion is based upon calculations from average wages shown by the United States Census of Manufactures and adjusted by index of retail prices. Thus the manufacturers in the latter year were obtaining in quantity from each worker 52 per cent more than in 1914, and the workers were receiving only 17 per cent more in goods.

In the chemical industry labor is a much less percentage of the total cost of the finished product than in other industries. According to the Commerce Yearbook for 1929, page 44, it is shown that the wage paid to workmen in the chemical industry in 1927 was 8.4 per cent of the total value of the commodities produced. According to the same authority the wage cost in the leather industry was 19.4 per cent of the value of the products; in the textile industry, 19.6 per cent; in the paper, printing, and related industries, 18.4 per cent; in the iron and steel industry, 20.4 per cent; in the stone, clay, and glass industry, 28.9 per cent; in the machinery industry, 24 per cent; in the lumber industry, 26.9 per cent; in the transportation equipment, air, land, and water, 27.4 per cent.

Mr. President, I have examined Moody's Manual and Standard Statistics, as well as reports published by a number of corporations engaged in the chemical industry, and discover that their earnings have been very great, indeed greater than corporations engaged in other industries. In considering the question of increases in the rates of duty on commodities provided for in the chemical schedule, it is proper to consider their earnings as compared with the earnings of other industries.

The National Industrial Conference Board in Conference Board Bulletin dated December 15, 1928, made an analysis of statistical information published in Statistics of Income from the compilations of the Bureau of Internal Revenue of the United States Treasury Department. According to this bulletin the chemical industry for the year 1926 had a net profit of 11.24 per cent as compared with sales. The average for all industries was a net profit of 6.08 per cent. The following statement is contained in this bulletin:

The chemical group steadily improved in its per cent of profits to sales and according to the latest data it heads the list.

The National City Bank of New York has made an analysis of the financial statements of 900 corporations for the first half of the current year and in the published results (in its bulletin issue of September, 1929) it is stated that their combined net profit for the period named were \$2,449,000,000 compared with \$1,924,000,000 in the corresponding period of 1928, representing an increase of \$526,000,000 or 27 per cent. In this list are included companies engaged in the chemical industry.

Yet it is said that industries are languishing, in spite of this enormous increase in net profits of more than half a billion dollars in the first six months of 1929 over the corresponding period of 1928.

It is evident that the American chemical industry is enjoying a greater degree of prosperity than any industry in the United States. The chief beneficiaries of the chemical schedule, namely, Union Carbide & Carbon Corporation, the E. I. du Pont de Nemours Co., and the Allied Chemical & Dye Corporation, will receive net profits of more than 13½ per cent of their assets for the year 1929; their assets including watered stock and large reserves.

In 1926 the chemical industry was the most profitable of all American industries, according to calculations by the National Industrial Conference Board from income-tax statistics. (House Tariff Hearings, p. 91.) The net profit on sales was 11.24 per cent.

According to an investigation by Ernst & Ernst, public accountants, from published financial statements the average profits of representative establishments of the chemical industry increased 33 per cent in 1928 over 1926. The National City Bank of New York investigated the profits on net worth of 30 representative chemical producers for 1928 and found the average profits on concerns producing industrial chemicals for that year were 17 per cent, and of concerns producing miscellaneous chemicals 12.2 per cent. (Bulletin, April, 1929.) And the National City Bank, upon a study of 15 representative

chemical producers recently found that their average annual rate of profits was 24 per cent greater in the first six months of 1929 than in 1928. On this basis the average rate of profit in 1929 on net worth appears to be about 20 per cent for concerns producing industrial chemicals.

On page 10346 of volume 17 of the hearings before the Ways and Means Committee of the House, the following statement appears in a memorandum entitled "Profits of Representative United States Industries, 1927 and 1928" (a memorandum sent to Congressman HAWLEY by Chairman Marvin of the Tariff Commission):

* * * In the chemical classification which is rather broad, including heavy and fine chemicals, drugs, pharmaceuticals, and cosmetics, paint, explosives, sulphur, alcohol, etc., earnings of 36 corporations show a gain of 35 per cent over the previous year.

Mr. GEORGE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Georgia?

Mr. KING. I yield.

Mr. GEORGE. Those are the representative plants in the chemical industry?

Mr. KING. That is my understanding. I am quoting from "a memorandum sent to Congressman HAWLEY by Chairman Marvin of the Tariff Commission" and it states the "earnings of 36 corporations show a gain of 35 per cent over the previous year."

Mr. GEORGE. The facts and the statistics incorporated in the Senator's very able and interesting presentation of the matter do illustrate, however, that the only distress in the chemical industry, using the chemical industry in its broad sense to include all of the articles and commodities covered under Title I, is found in the limited number of marginal producers, so to speak.

Mr. KING. Mr. President, I think the Senator has accurately stated the situation. As I recall the hearings, there was but little if any evidence of marginal producers in the chemical industry. The statement of Chairman Marvin, which I have just read, is supported by the financial statements of corporations engaged in the chemical industry, as well as the statements found in Moody's Manual and other publications. I have before me the reports of a large number of corporations engaged in the chemical industry, as well as statements from Moody's Manual and other publications. I shall not take the time of the Senate to read them or ask to have them inserted in the RECORD. They show that many of these larger companies, such as the E. I. du Pont de Nemours Co. (Inc.), the Allied Chemical & Dye Corporation, the American Cyanamid Co., the Union Carbide & Carbon Corporation, the Newport Co., and the Commercial Solvents Corporation, have absorbed a large number of smaller corporations; that mergers are constantly taking place and that the production and profits of these companies are rapidly increasing.

Within the past six or seven years the tendency has been to enlarge the scope of accomplishment of the chemical organizations by absorbing the smaller concerns. According to the United States Tariff Commission, in their census on dyes, the number of producers of coal-tar dyes has been reduced from 74 firms in 1921 to 47 firms in 1928. This reduction has been accomplished by absorption. In the Commerce Yearbook for 1929, page 582, this statement appears:

Still another noteworthy recent development has been the mergers of producers of chemicals as shown by the decline in the number of establishments. * * *

The E. I. du Pont de Nemours Co. (Inc.) has acquired several concerns since 1922 chiefly by the exchange of capital stock. It took over the Grasselli Chemical Co., which had \$40,000,000 in assets; the American Glycerine Co.; the Krebs Pigment & Chemical Co.; and it acquired a 50 per cent stock ownership in the Pittsburgh Safety Glass Co. and the Eastern Alcohol Corporation. In March of this year the Du Pont Co., through its subsidiary, the Du Pont Cellophane Co., purchased the Capes-Ciscose (Inc.), manufacturers of cellulose caps for sealing bottles. In May, 1925, the Du Pont Viscoid Co. (Inc.) was merged with the Viscoid Co. (Inc.), the latter having acquired plants and the pyralin business of the Du Pont Co.

The Allied Chemical & Dye Corporation is a merger of five large chemical concerns—namely, the General Chemical Co., the Barrett Co., the National Aniline Chemical Co. (Inc.), the Semet-Solvay Co., and the Solvay Process Co. It has acquired since then a considerable number of corporations, and as I read the reports it has subsidiary corporations in Europe.

I omitted to note that the Du Pont Co. has substantial interests in a number of foreign organizations. It owns the Associated Securities of Canada (Ltd.), and has a considerable

interest in the Canadian Industries (Ltd.); the Compania Mexicana de Explosivos; Compania Sino-Americana Explosivos de Chili; Leather Cloths Proprietary (Ltd.), of Australia; the Noble Chemical Finishes (Ltd.), of Australia; Societe Francaise Duco; Societe Francaise Fabrikhold, of New Zealand; and the Ammonia Co. of Australia, as well as several others. It also has an alliance with the French Rhodiseta Co. for the production of artificial silk.

The Union Carbide & Carbon Co. has acquired a large number of companies and stock in others. Among the foreign concerns in which it is interested are the Electric Furnace Products Co. (Ltd.) (Norway); the Canadian National Carbon Co. (Ltd.) (Canada); Meraker Smelting Co. (Ltd.) (Norway); Carbide & Carbon Chemical Co. (Ltd.) (Canada); Kemet Laboratories Co. (Ltd.) (Canada); Sauda Falls Co. (Ltd.) (Norway). It also owns jointly with the Shawinigan Water & Power Co. of Canada, an American corporation, the Niacet Chemical Corporation of Niagara Falls, N. Y. In this manner these companies have an alliance or association with the Canadian Chemical Co.

The American Cyanamid Co. owns and controls a number of foreign corporations in Canada and South America. The Newport Co. has alliances with the Usines du Rhone, a chemical manufacturing concern in France, and the Reidel Co., a chemical manufacturing company located in Germany.

As indicative of the prosperity of the chemical industry, I invite attention to the fact that the Du Pont Co. increased its earnings three and one-half times since 1922. Its net earnings have increased from \$18,312,504 in 1923 to \$64,097,708 in 1928, and its net earnings for the first six months of 1929 were \$41,536,412. I should state, however, that a considerable part of these earnings result from investments in the General Motors Corporation and are not to be credited as profits from the chemical operations of the Du Pont Co. The Union Carbide & Carbon Corporation increased its earnings from \$11,718,114 in 1922 to nearly \$32,000,000 in 1928. This represents an increase of nearly 200 per cent. Its assets in 1921 were \$211,000,000 and in 1928 more than \$281,000,000. It has large reserves and liquid assets. The Allied Chemical & Dye Corporation has increased its earnings three and one-half times since 1921. In that year its earnings were \$7,646,910 and in 1928 \$26,962,442. During this period its assets increased from \$266,977,000 to \$366,616,000.

In its ninth annual report, submitted December 31, 1928, this language is found:

There is presented herewith consolidated balance sheet of the company at the close of business December 31, 1928, and consolidated income account for the year.

The volume of business in all departments indicates that the company has shared in the general upward trend throughout the year. Prices of the company's commodities in many instances showed a decline.

Securities, unless otherwise noted, are carried at cost. None have been sold for the purpose of providing income or funds for new construction.

Evidently this new construction came out of surplus profits which were undivided and undistributed.

The plant at Hopewell, Va., which provides additional capacity for the fixation of nitrogen and the manufacture of its compounds, has been completed and is now operating as to its first unit. It evidences the necessity for further expansion.

The company's policy of replacing plants regardless of age, whenever economic factors warrant such action, is being maintained.

The company's progress, as reflected in the balance sheet and income account submitted, shows a continuing increase in efficiency of the organization. The directors feel justified in reiterating their expressions of confidence in the company's future.

It is not my purpose to criticize these companies because of their successful operations. I am glad to learn of their prosperity, but these reports conclusively demonstrate that an increase in tariff duties is not warranted; indeed, when it is known that hundreds of the commodities produced by these various chemical companies are not imported because of existing tariff rates, it would seem that the existing rates should be reduced. The unparalleled development of the chemical industry and its stupendous assets and profits prove that it is the most prosperous of any industry in the United States. It has a monopoly in the domestic market and is now going forth to conquer the markets of the world. Millions are being invested by American chemical companies in foreign countries and in the manufacture of chemical products. As I have shown, we are competing with the world and selling chemical commodities in competition with like commodities in all parts of the world.

Let me briefly refer to the Allied Chemical & Dye Corporation, which has a property account of more than \$196,000,000. Its current assets consist of \$15,000,000 in cash and other mar-

ketable securities amounting to more than \$82,000,000; also notes receivable aggregating \$16,864,000 and inventories amounting to \$25,771,000, or a total of current assets of the value of \$140,000,000.

It is apparent from the report of this company that it is withholding a large part of its profits instead of distributing them as dividends. It maintains what it denominates "reserves for depreciation and obsolescence," of \$104,374,000, and for "general contingencies," \$12,340,000—its total reserves amounting to \$144,664,742.

Such enormous profits are startling, and compel the view that its prosperity is in part due to its monopoly in various fields of production.

Stock dividends have been declared by many corporations, and that policy is becoming quite general in the industrial field. These dividends obviously result from undivided profits, and the watered stock thus issued call for dividends the same as the outstanding stock, some of which, doubtless, represents actual investment by stockholders.

The Union Carbide & Carbon Co., according to its report dated December 31, 1928, shows assets of more than \$281,000,000, with reserves for depreciation totaling more than \$44,000,000. It has a reserve fund for "obsolescence" amounting to more than \$106,000,000, and a further surplus of more than \$86,000,000. After setting aside these enormous reserves—its reported earnings for 1928 were more than \$39,000,000—dividends were declared by the company for 1928 as follows: April 2, 1928, \$1.50 per share; July 2, 1928, a like amount was declared as a dividend on each share; on October 1, 1928, a similar dividend was declared on each share; and another \$1.50 per share was declared on January 2 of this year. After paying dividends and setting aside the enormous reserves which I have mentioned, this company reports a surplus of more than \$86,000,000.

The American Cyanamid Co. shows enormous profits. An article in the Wall Street Journal dated September 6, 1929, under the title of "Year of Growth for Cyanamid Co.," states that the "Report of the company for the fiscal year ended June 30, 1929, shows the greatest year of expansion in the company's history, during which the foundation has been laid by this concern to take its place as one of the four largest chemical combinations in the country."

The report further states that the company is producing more than 150 products made in 20 different establishments. The article refers to the number of companies which it has acquired and then states that its assets have increased in one year from \$34,000,000 to over \$57,000,000.

The Newport Co. is exceedingly prosperous; its earnings have increased 1,600 per cent since 1922.

The Commercial Solvents Corporation has enjoyed remarkable prosperity, its earnings having increased, since 1922, 9,000 per cent. Its net earnings for the first six months of this year greatly exceed its earnings during any corresponding period, and if continued for the entire year will give extraordinary net returns.

Mr. President, the chemical industry, as I have stated, has a practical monopoly of the domestic market and is an important factor not only in Germany, Belgium, Great Britain, and France, but in other parts of the world. As I have heretofore stated, 37 per cent of all chemical products exported from the United States are sold in European countries.

A few months ago I read of a conference being held in Paris at which the chemical industry of the United States and the Department of Commerce, through its representatives, were planning for a further invasion of European markets. From August 4 to 7, inclusive, these conferences were held at the American embassy in Paris. The chief of the chemical division of the Department of Commerce and our commercial attachés were important figures in these conferences. Representatives of some of the leading chemical companies of the United States were there. A cable dispatch under date of August 6 of this year appearing in the Christian Science Monitor stated:

*** Augmented export of chemicals from the United States to Europe is expected as a result of the four days' conference, which has been held at the American Embassy here, attended by American Government officials and representatives of the leading American chemical industries. ***

The Department of Commerce was conducting these conferences at the embassy, the apparent purpose being to aid the American producers in their efforts to secure wider markets in Europe. The American chemical interests were benefitting by the prestige, influence, and power of our Government in their efforts to conquer additional fields of trade.

It is an interesting spectacle to have our embassies used by our big corporations, and representatives of the Department of

Commerce, who are being sent or are sending themselves, for the purpose of planning campaigns to obtain additional foreign markets for American exports. I am making no criticism, as I welcome all proper movements that will promote international trade and commerce. One of the newspaper articles states that C. C. Concannon, chief of the chemical division of the Department of Commerce, and three other members of the same department, as well as the commercial attaché, and trade commissioners from seven European capitals, were sent to take part in the proceedings. The conference was opened by Norman Armour, chargé d'affaires at Paris, while the conference itself was presided over by Daniel J. Reagan, acting commercial attaché of the Paris embassy. Among the representatives of the American chemical industry who were present was Charles Brand, of the National Fertilizer Association. The article concludes:

*** Members felt that a large European market was waiting the judicious placing of certain American chemicals, and to this end combined efforts of American Government and American companies will be made. ***

It is apparent that an alliance was being entered into between the United States and the chemical industry to promote the interests of the American manufacturers.

In the New York Times, under date of July 17 of this year, reference is made to the Paris conference and the statement made that—

C. C. Concannon, chief of the chemical division of the Bureau of Foreign and Domestic Commerce, will sail on the *Leviathan* July 27 to direct the conference, and that he will subsequently spend about two months abroad studying conditions in the chemical industries of the leading European countries.

It is further stated that A. Cressy Morrison, Dr. A. S. Burdick, and Gustavus Ober, jr., and others representing the American chemical industry would be present.

An article in the New York Times under date of August 6, written by Mr. Carlisle MacDonald and dated at Paris, states that—

a real opportunity for the expansion of American export business exists in Europe to-day. *** Already American sales of chemical products have reached considerable proportions in Germany, France, and Britain, though all three of these nations have highly developed chemical industries of their own.

The article further states that the suggestion that a— strictly American cartel might prove helpful in competing with the European cartel was discussed by the conference, and it was the consensus of opinion that American interests are meeting the situation by the so-called merger movement.

The article proceeds:

*** In a way this strong tendency to combine the larger American industries into a comparatively few powerful trade groups is parallel to the European cartel movement, with the difference that in American mergers the participating companies combined their individuality, while the participants in European cartels submerged their commercial personalities for the good of the cartel itself. ***

I invite attention to the fact that the Government representatives and the representatives of the American chemical industry were, at these conferences, coolly discussing the question of mergers, combinations, and cartels to capture European markets. The article further states that—

Daniel J. Reagan, acting commercial attaché at Paris and chairman of the conference, obtained enthusiastic indorsement for a new detailed plan for stimulating sales in French markets. *** He is recognized as an expert on European chemical situation, and it is probable that his suggestion will be adopted by the Department of Commerce officials of other countries.

The article concludes by stating that those attending the conference have been specially invited to visit the French chemical plants in and near Paris.

It is apparent from reading these proceedings of the conference that the chemical industry of the United States has no fear of foreign competition either at home or abroad; it is also evident that while representatives of the Government, paid by the taxpayers of the United States, were traveling to and through Europe in behalf of the chemical industry, and were holding conferences in the embassy at Paris with representatives of the American chemical industry, in order to increase chemical exports, representatives of this same powerful and prosperous industry were making representations to Congress that the industry was in an unsatisfactory condition and needed additional protection. Mr. President, no greater exhibition of hypocrisy can be found in the history of legislation.

Mr. President, I have trespassed too long upon the time of the Senate. In conclusion, may I add that there is a manifest determination by the party in power to deny to agriculture the relief to which it is entitled. The bill before us speaks for the highly protected industries and seeks increases in tariff rates to strengthen their monopolistic power. In its present form it creates greater inequality between agriculture and industry; it is a betrayal of the people; it is in the interest of the trusts. Congress will fail in its duty if it does not reduce many of the existing duties, and if it fails to bring about a greater equality between the farmer and the manufacturer.

Mr. GEORGE. Mr. President, I send to the desk and ask to have printed and lie on the table an amendment to paragraph 7 of Schedule 1, putting sulphate of ammonia on the free list.

The PRESIDING OFFICER (Mr. HEBERT in the chair). The amendment will be printed and lie on the table.

Mr. LA FOLLETTE obtained the floor.

Mr. WALSH of Massachusetts. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Massachusetts?

Mr. LA FOLLETTE. I do.

Mr. WALSH of Massachusetts. Will the Senator yield to have a quorum call?

Mr. LA FOLLETTE. No, Mr. President; I do not yield for that purpose. I thank the Senator.

Mr. President, the chemical schedule is an acid test of the good faith of the Congress in its present revision of the tariff. Our votes on the duties proposed by the Finance Committee will determine whether we intend to heed the message of the President asking for a limited revision primarily for the benefit of agriculture, or whether it is our purpose to grant excessive increases to industries which are already prosperous and need no protection. We will demonstrate in the roll calls on this first schedule of the bill whether we are moved by consideration for the broad interests of the country as a whole, or whether we are swayed solely by the selfish demands of corporations which have long enjoyed extraordinary favors and privileges at the hands of the Government.

Here we have an industry which has grown great and enormously profitable through more than a century of governmental protection and special privileges, until to-day it ranks fourth in the value of its products and first in the percentage of its profits. Four years ago the chemical industry ranked alongside the great steel industry in both size and profits. To-day it has unquestionably surpassed it. Its products enter every home in the land, are used on every farm, and form the basic raw materials for innumerable minor industries.

Every penny that we add in the form of excessive protection to enable the corporations in this industry to increase their prices will be extracted from the pocketbooks of American men and women. These added millions of profits, created by piling additional burdens upon American consumers, will not go to revive a languishing industry but to enrich one which is already fabulously prosperous. And these additional millions of added profits which the increased duties proposed in this bill will create will not be distributed throughout the land but will flow into the already inflated bank accounts of the few enormously rich families and individuals who control, largely speaking, this great industry.

The official statistics of the Treasury Department based upon the sworn tax returns of corporations show that, as a whole, the chemical industry is the most prosperous of all lines of American production. Analysis of these figures for the latest year available—1926—show that, considering only the great industrial divisions, the net profits of the chemical industry eclipsed all others. In proportion to the amount of business done they were six times as great as the textile industry, four times as great as the leather industry, three times as great as rubber and lumber, and more than 50 per cent larger than those of any other industry except the closely related branch of stone, clay, and glass products and the metal industry, both of which enjoy excessive tariff protection. I shall not stop to present these figures in detail, but will merely quote from the report of the National Industrial Conference Board analyzing these official statistics of income, in which appears the following statement:

The chemical group has steadily improved in its percentage of profits to sales, and, according to the data, it heads the list.

And it must be remembered by Senators that when we approach the question of the duties to be placed upon these chemical schedules we are dealing with an industry which heads the list of all American industries so far as profits are concerned.

The profits of the great chemical corporations, to which I shall later refer in some detail, became so great during the war, and particularly since the passage of the Fordney-McCumber Act, that

they have had great difficulties in reinvesting their accumulated surpluses. Everybody knows the story of how the Du Ponts, unable to find sufficient employment for their piled-up wealth in the chemical industry, invaded other fields and became dominant factors in the automobile, steel, and a number of other key industries. And this enormous wealth which has flowed into the coffers of the Du Ponts is based primarily upon the possession of special privileges and extraordinary favors from the Federal Government such as no other industry has enjoyed.

This is no exaggeration. There is no other industry in the United States, and probably none in any country, which has been so completely protected, subsidized, and coddled as the American chemical industry. Its very foundation rests upon the special monopolies created by the Government in the form of patents, trade-marks, and registered formulas. "Patents play a more important part in chemical activities than is the case in other fields," says a former officer of the General Chemical Co. "This," he continues, "is particularly true in the newer chemical industries." (Article by Henry Wigglesworth, former director of development, General Chemical Co., in *Representative Industries of the United States*, p. 176.) Not content with the practical monopoly based upon the patents developed by their own experts, the leaders of the American chemical industry, during the period of war control, induced high officials of the American Government to seize and place at their disposal hundreds of German patents covering essential chemical processes. This, in my opinion, was one of the most high-handed and outrageous confiscations of private property ever perpetrated by any government. The Soviet Government of Russia, which has been so vigorously condemned by many Senators on this floor, has seized private property and converted it to the use of the nation as a whole. But here was a case of confiscation for the sole benefit of a small group of privileged American manufacturers.

That is not all, Mr. President. During the World War hundreds of millions of dollars were taken from the Federal Treasury and used to build up the American chemical industry, not only to supply legitimate wartime necessities, but to build new plants and pile up enormous profits for their owners when peace was restored.

Then, under the alleged threat of German competition, this Government was induced to confer upon the chemical industry several favors which no other business in the United States has ever enjoyed. Under the emergency tariff act a complete embargo was placed on foreign chemical products and the American people were forced to pay high prices for what were in many cases inferior goods. When the Fordney-McCumber bill was under consideration the chemical industry, through one of the most lavishly financed lobbies ever seen in Washington, demanded a continuance of this embargo. After a bitter fight this was refused, but the majority then in control gave them a degree of protection which was almost, if not quite, as effective.

It not only raised the level of duties in the chemical schedule to fantastic heights, but gave this industry the extraordinary and indefensible privilege of having all imported chemical goods assessed upon a basis of American valuation. Under the conditions of practical monopoly which exist in the industry, this gave the American chemical manufacturers the power practically to determine prices in the American market without competition and thus fix the basis upon which the duties on foreign imports were to be levied.

Armed with these special privileges and governmental favors, the dominant groups in the chemical industry have organized upon an offensive and defensive basis to an almost unparalleled extent. Almost every branch of the industry has its "institute" elaborately financed and ostensibly operated for research purposes but in fact, as has been repeatedly charged, maintained primarily for purposes of price fixing and other monopolistic practices. The propaganda of the chemical industry is comparable in volume and character only with that which has recently been exposed in the case of the public utilities. Its agents and lobbyists have been constantly at work in Washington seeking to protect and extend the extraordinary special privileges which the industry already enjoys.

One of the principal aims of the chemical industry's propaganda, Mr. President, has been to create in the public mind the idea that it is an infant industry. But history shows indisputably that it is no infant. On the contrary, it is a giant more than a century old. The greatest of the chemical combinations, the Du Pont group, had its origin in 1802. It is now 127 years old and is probably the oldest industrial concern in the United States controlled by a single family. Viewed in all its ramifications, it constitutes a business empire almost without a parallel in history. If there was ever an industry able to stand on its own feet and able to meet world competition, it is the American

chemical industry. It has applied mass-production methods to almost all its processes and in its most modern plants has achieved a high degree of efficiency.

It can not be maintained that protection is being sought primarily for the benefit of American labor.

In few industries—

Declares a leading chemical authority—

does labor form so relatively small an item of cost as it does in chemical manufacture. The primary nature of operations and its office of converting raw materials to form the useful basis for other industries require the work to be carried out on an immense scale, which can not be attended by hand. To carry on large operations successfully details must be reduced to mechanical routine and the chief burden of labor must be borne by power machines instead of fallible men. (Quotation from Henry Wigglesworth, former director of development General Chemical Co., in Representative Industries of the United States, p. 170.)

No branch of the industry, so far as I have been able to discover, is unionized, and the average annual wage of \$1,689 per year shown by the census of manufacturers for 1925 does not indicate a particularly highly paid class of employees.

What is still more significant from the standpoint of tariff making, the percentage of labor cost to value of products is one of the lowest to be found in any industry. In iron and steel labor cost is approximately 20 per cent of the value of the products, but in the chemical industry, taking all its branches together, it is only 8 per cent.

What does this mean? It is a point of the utmost significance and I ask the attention of Senators. It means that, with imports valued on the American basis, the foreign producers could get their labor free and the American chemical industry's labor cost would be fully covered by a tariff averaging less than 10 per cent. And yet the Senate Finance Committee has given this industry, according to the report of the Tariff Commission, rates that will average more than 29 per cent.

Can we, as Senators, go back home and face the people of our States if we vote to maintain such exorbitant increases? Can we tell them that this is what we mean by "limited tariff revision"? Can we hope for their confidence if we thus shamefully betray them?

This is an industry of immense wealth and power enjoying extraordinary prosperity and founded essentially on governmental favors and special privileges. Its operations are largely conducted by mass-production methods and the cost of labor is an insignificant factor. Here, if anywhere in the whole range of industry, there is presented a prima facie case where downward revision should be applicable and where further tariff increases should be granted only upon presentation of indisputable evidence of ruinous foreign competition.

With this picture clearly before us let us examine the changes which the Senate Finance Committee has made in the chemical schedule and see how far they are justified by the facts and the evidence.

I have made a rough calculation of the changes which the Finance Committee has made in the terms of the Fordney-McCumber Act either upon their own initiative or through approval of previous changes made by the Ways and Means Committee or by presidential proclamation. More than 90 increases have been made, ranging as high as 700 per cent; less than 50 decreases have been made, none of which appear to be of great significance, except in the case of the transfer of a few raw materials to the free list. Some of these increases cover hundreds of commodities, whose aggregate value must run into millions of dollars. But the decreases, with two exceptions—ink powders and hydrogenated oils—apply only to single commodities, some of which are not even produced in this country.

I may say that I have included among the increases the removal of the limitation contained in the Fordney-McCumber Act, which prohibited the raising of the duties on coal-tar intermediates and products by presidential proclamation under the flexible provisions of the act. I believe that this inclusion is justifiable, because I have no doubt that if the present flexible provisions should be maintained in the law, a determined effort would be made to secure further increases in duties provided in these paragraphs which, as every Senator knows, cover an innumerable range of products of the greatest value and importance in American life and industry.

We find, therefore, that the Senate Finance Committee has made about twice as many increases as decreases and I have no doubt that if statistics were available by which we could compare the value of the products affected the proportion would be still further increased. Is this the "limited tariff revision" which President Hoover said he wanted when this special session was called? Is this a revision restricted to those lines of industry which are suffering from serious depression or unem-

ployment? No, Mr. President, this is a general upward revision with a vengeance. It is the addition of new iniquities to the already indefensible rates of the Fordney-McCumber tariff.

We were told, Mr. President, when this special session was called, that its primary purpose was to relieve agriculture of its unnecessary burdens and put the American farmers back on the road to prosperity. Let us see what this bill does for the American farmers so far as the chemical schedule is concerned. Let us remember, when we consider this aspect of the situation, that the spokesman for American agriculture appeared before the Senate committee and strongly urged that a number of chemical products useful in the production of fertilizer be relieved of all duties as one of the means to give direct aid and comfort to the farmers throughout the country. Let us remember also that the chemical industry directly and indirectly affects the farmers more than it does any other large group of American citizens. With these conditions in mind let us see what the Finance Committee did for the farmer, and, what is equally important, what they did to the farmer. Out of the 68 increases in this schedule I have listed 43 which, directly or indirectly, will increase the farmers' burdens or which will tend to raise the prices which must be paid for articles used by the farmers' wives in their household duties. Some of these are no doubt insignificant but a majority, I am confident, will be felt upon every farm in the country as soon as they go into effect. The fact that some of these increases when considered alone may appear to be insignificant ought not to deter us from opposing them unless they are shown to be vitally necessary. It was the last straw and not the first hundredweight that broke the camel's back. Let me take but a penny a day from each of the American people and in the course of a year I will have an income that will eclipse those of Rockefeller, Ford, and Morgan combined. Let us take a dime a day from each of them, and in five years I could pay off the national debt or acquire substantial control of the Nation's industries. Robbery is robbery even if it consists only in stealing the pennies of the poor people of the Nation. Its iniquity is to be measured not by the amount of each individual theft, but by its accumulated enormity and by the burdens which it imposes upon those who are robbed.

I do not intend to impose upon you the entire list of rates which will tend to burden the farmer, but I do want to direct your attention to certain outstanding items. For example, the duty has been increased on phosphoric acid, which is an essential ingredient of fertilizer. The farmers asked to have this commodity put on the free list, but instead the duty on the more concentrated form was increased from 2 cents to 3½ cents a pound, which will increase the cost approximately \$30 a ton.

In this revision in the interest of agriculture the duty on saltpeter is increased by the Finance Committee from one-half cent to 1 cent a pound. As every Senator knows, saltpeter is used on all farms which cure their own meat for winter consumption. While the increase in duty on its face is only half a cent a pound, it represents an increase of 100 per cent, and I have no doubt will be multiplied several times before it reaches the farmer. According to the Summary of Information prepared by the Tariff Commission, there are only two domestic producers—one in New Jersey and one in New York. The one is said to be very small, while the other has recently resumed business after having its factory burned down in 1924. On the basis of the cost increases submitted by the only American manufacturer who applied for an increased duty, his cost of production per pound was 10½ cents as against an open-market price of 6 cents a pound in 1928. If this statement is correct the half cent increase in duty will merely raise the domestic price without materially benefiting this high-cost producer.

I have no doubt that the Senate Finance Committee will defend its action with a strong feeling of virtue because it refused to concur in the enormous increase of 1,000 per cent in the duty on saltpeter awarded by the Ways and Means Committee when it fixed the rate at 5½ cents per pound. I feel that the Finance Committee was right in rejecting it. But I can not follow its logic in granting an increase insufficient to afford material protection to American manufacturers who it appears are using an obsolete process and which can, therefore, have no other effect than increasing the domestic price.

I would like to direct the particular attention not only of the farmers' wives but of the women throughout the country to the increased duties which will more particularly affect the price of some of their most important household commodities. The duty has been increased on tartaric acid, which is the basis of many kinds of baking powder and is also used in the preparation of flavoring extracts. The same is true of the duties on ammonium carbonate and bicarbonate and sodium phosphate, produced by the Allied Chemical & Dye Corporation, which also are used in baking powder. Higher duties are also imposed on artificial ultramarine blue and sodium sulphate, which form the

basis of the bluing which every housewife uses in laundering clothes. Last, but not least, the duties have been increased on the starches which she uses in making pastries and puddings and in giving the finishing touches to the household's wearing apparel.

Most important of all from the standpoint of the farm is the long list of increased duties which are certain to raise the price of paints and varnishes. The tariff bill which is now before us might well be called "an act to increase the cost of paints to farmers and householders." It increases the duty on a long list of chemicals which are essential ingredients of paints, varnishes, and lacquers. What is perhaps an incomplete list show 14 different commodities used in the manufacture of paints, varnishes, and lacquers upon which heavy increases have been imposed. These are not single commodities, but include such large qualifications as the synthetic gums and resins and cellulose compounds which in themselves cover a large number and variety of articles.

I do not know how I can better convey an idea of the effect of these increases upon farmers and householders than by considering a single commodity of which I had never heard until I made this study. I doubt whether half a dozen Members of the Senate, including the members of the Finance Committee, have ever heard of lithopone, which, it appears, was first made in the United States in 1906, but has now become an essential ingredient of paint, with a production almost as large as that of zinc oxide and white lead. More than 300,000,000 pounds are said to be used every year. It is used as a pigment chiefly in the manufacture of what are known as "flat paints" and enamels and as a filler in the manufacture of linoleum, oilcloth, and window shades.

The domestic sales in 1927 amounted to approximately 354,000,000 pounds, as against imports of about 16,000,000. In 1928, for some unexplained reason, the imports practically doubled, but without materially affecting the market price. Under the Fordney-McCumber Act lithopone carried a duty of 1½ cents a pound, which is equivalent to an ad valorem rate of more than 40 per cent on the foreign value. It is now proposed to add to this specific rate a further ad valorem duty of 20 per cent on the more highly concentrated forms of this commodity, which are chiefly imported. It is reasonable to suppose that this increased duty will be immediately reflected in the domestic selling price.

Let us see how this will affect the farmers and home owners of the country. Each gallon of paint suitable for interior or exterior use is said to require 8 pounds of lithopone. A duty of 1½ cents a pound will, therefore, equal 14 cents on every gallon of paint made with lithopone pigment. A further addition of 20 per cent, which is about equal to three-fourths of a cent a pound, will add 6 cents more. This makes 20 cents of tariff on every gallon of paint made with lithopone. The principal importer of lithopone in his brief filed with the Ways and Means Committee has made calculation based on the assumption that it requires 23 gallons of paint for an average house and 15 gallons for a barn. Assuming, further, that one-tenth of the farmers will paint their houses and barns each year, he estimates that the cost added by the present duty is equal to \$6,384,000 to the farmers and home owners in the country. On the same basis it would follow that the proposed additional duty would add something like \$2,500,000 more. I do not guarantee his figures, but I am impressed with them. If this apparently petty increase in the tariff on a single commodity of which nobody ever heard is going to add millions of dollars to the farmers' expenses, it requires little imagination to foresee that the aggregate effect of the increases made in this tariff bill is going to leave him in far worse condition than he was when we started to "relieve" him by the assembling of this special session of Congress.

Let me call your attention to another increase which the farmer is going to feel as soon as the bill passes. That is the 700 per cent increase in the duty on whiting and Paris white. No, Senators, you do not misunderstand me. The increase is not 7 per cent or 70 per cent. It is 700 per cent. On paper the change in the duty looks innocent. To the uninitiated it may even look like a decrease, for the change is from 25 per cent ad valorem under the Fordney-McCumber Act to four-tenths of a cent a pound under the present bill. But the official records show that under this ad valorem rate this commodity has been paying one one-twentieth of a cent a pound, and an increase to four-tenths of a cent represents, therefore, an increase of 700 per cent. It means that the new duty on an ad valorem basis will be almost 200 per cent of the value of the imported article.

What is whiting? It is merely finely ground chalk. It has enormous commercial importance. When mixed with linseed oil it constitutes the basis for all the putty used in the United

States. It enters into the production of paint, oilcloth, linoleum, and rubber goods.

The American manufacturers bring over the crude chalk which is mined from the famous chalk cliffs of England, and grind it here. Inquiry shows that there are only six of these whiting manufacturers in the United States and that most of them have the good fortune to be located in the State of the distinguished Senator from New Jersey, who had the honor to be a influential member of the subcommittee which had charge of this particular rate. Four of these whiting manufacturers appeared before the Ways and Means Committee of the House and asked for this increase. So likewise did 25 putty manufacturers as well as a prominent producer of kalsomine. They showed, to my mind, conclusively that this proposed increase, insignificant as it looks on paper, will raise building costs more than a million dollars a year and add an equal amount to the cost of paint, oilcloth, and rubber goods.

For whose benefit was this extraordinary increase of 700 per cent demanded? Was it for the profit of the American manufacturers? Here, as on every other item of this tariff bill, we find men who spent their lives grinding the last penny out of their oppressed workers coming solemnly and piously before the committees of Congress to weep crocodile tears over the unfortunate condition of American labor. And Senators who year in and year out oppose every bill and every resolution that would raise the wages of the workers and relieve them of intolerable oppression, who are in fact, as their records show, the enemies of the labor movement, invariably assume the rôle of champions of the American toiler when tariff increases are being considered. Let us look at the facts in this particular case and see how far the rights and interests of the great body of American workers are involved. The hearings before the committee disclosed under cross-examination that these six whiting manufacturers combined employ all together less than 200 men. But with their practically automatic machinery they ground in 1928, 191,300,000 pounds of whiting, and with substantially the same labor force could have produced another hundred million. I predict that their wages would not be increased a penny if every pound of foreign-made whiting was shut out of this country. And yet we are asked to increase by millions of dollars the cost of the paint, putty, kalsomine, and linoleum that is used on every farm and in every household in the United States.

I have gone into this particular case with what may seem to be unnecessary detail. But it is only through the consideration of such concrete examples that it becomes possible for us to appreciate the enormity of the offenses which have been committed against the American consumer in the name of "limited tariff revision."

Let us turn now and consider for just a moment some of the decreases which the Senate committee has made in existing rates. As I have said, they are with two exceptions decreases on individual commodities most of which are not produced in the United States, such, for example, as buchu leaves, licorice root, henbane, and digitalis. The two larger classifications upon which decreases have been granted are inks and ink powders and hydrogenated oils. As to inks and ink powders our total imports have been less than three-fourths of 1 per cent of our domestic consumption, and they bore already one of the lowest rates of duty contained in the bill.

I want to direct the attention of the Senate, particularly those from the Corn Belt of the West and the Cotton Belt of the South, to the decreases in the duty on hydrogenated fats and oils. This session of Congress is supposed to have been called for the special purpose of relieving the farmer. This particular decrease in duty may be justified on grounds which the Finance Committee has not yet disclosed, but on its face it can be interpreted only as a two-fisted blow in the faces of the hog raisers of the West on the one hand, and the cotton growers of the South on the other.

What are hydrogenated oils? Let me read you the official statement of the Tariff Committee. "Their principal use," says this authoritative document, "is in the manufacture of lard substitutes."

I am not now contending that this decrease in the duty on hydrogenated oils may not be defensible, but I am calling the attention of the Senate to this as an example of the kind of consideration which the farmer has received at the hands of the Senate committee.

Having thus examined in some detail the burdens which will be imposed upon the farmers and household consumers, let us now see who will receive the major benefits of the increased duties which are provided in the chemical schedule of this bill. The analysis which I have made shows conclusively, I believe,

that the principal beneficiaries will be the "big three" of the chemical industry. I refer to the three corporations which with their innumerable subsidiaries dominate and control this important field of production. These are the E. I. du Pont de Nemours & Co. (Inc.), the Allied Chemical & Dye Corporation, and the Union Carbide & Carbon Corporation, whose combined assets are more than a billion dollars. Their net earnings in 1928 were more than \$122,000,000 and their rates of profit upon their actual cash investment, as I shall later show, are extraordinary and excessive.

In order to show you graphically the position of the "big three" in the chemical industry and their relation to the increases proposed by this bill I have prepared a chart to which I now direct your attention. You will note that from the squares containing the names of these three chemical corporations colored lines run to the small rectangles containing the numbers of the paragraphs in the chemical schedule covering the commodities made by these corporations or their subsidiaries in which increases were granted by the Senate Finance Committee. You will note that the Du Pont Co. manufactures products covered by every one of these 17 paragraphs except three. You will note also that the Allied Chemical & Dye Corporation or its subsidiaries is interested in products covered by five of these paragraphs, and that the Union Carbide & Carbon Corporation likewise has a direct interest in five of them.

The small green square at the top of the chart on the wall of the Chamber represents net earnings in 1921 of the Allied Chemical & Dye Corporation—\$7,646,910. The larger square represents their assets in 1921, namely, \$266,977,284. These figures are taken from Moody and other financial publications and are submitted by the corporations to those publishers. I think we may assume that the statements which they make for publication, while there is no verification or check up on them, are favorable to the corporations themselves and that the most favorable light has been put upon their statements.

Immediately below the green square on the left of the chart we find the net earnings for the Allied Chemical & Dye Corporation in 1928, namely, \$26,952,442. The large square immediately below shows the assets of 1928, which were \$366,616,797.

So far as the Allied Chemical & Dye Corporation is concerned, I think that is a fair statement of the situation, so far as the chemical industry is concerned, because that corporation is largely engaged in the chemical industry.

So far as the Du Ponts and the Union Carbide & Carbon Corporation are concerned, the chart does not distinguish between the assets devoted to the chemical business and the assets devoted to their other business. That is also true of the statement concerning their net earnings.

The lines which run from the squares on the chart run to various paragraph numbers in the pending bill and simply show the paragraphs in which are contained the products manufactured by the big three in the chemical industry.

Mr. DILL. Mr. President, will the Senator call attention to the remarkable increase in the net earnings compared to the increase in assets, so it will appear in the RECORD?

Mr. LA FOLLETTE. The earnings of the Du Pont Co. in 1923 were \$18,312,000; the net earnings in 1928 were \$64,097,000. The assets of the Du Pont Co. in 1923 were \$279,744,000 and the assets in 1928 were \$403,333,000.

The Union Carbide & Carbon Corporation net earnings in 1922 were \$11,718,114 and the net earnings in 1928 were \$31,832,397.

In 1921 the assets of the Union Carbide & Carbon Corporation were \$211,744,537 and in 1928 were \$281,510,353.

Mr. SMOOT. Mr. President—

The PRESIDING OFFICER (Mr. SHORTRIDGE in the chair). Does the Senator from Wisconsin yield to the Senator from Utah?

Mr. LA FOLLETTE. I yield.

Mr. SMOOT. The earnings of the Du Pont Co. were \$64,097,708, according to the chart. Does the Senator know how that \$64,000,000 was divided and how much consisted of income from investments?

Mr. LA FOLLETTE. I am going to make an attempt later on in my address to analyze those figures; but, of course, for the purpose of the chart it was absolutely impossible to make any such separation. I had already stated before the Senator rose that so far as the Du Pont Co. and the Union Carbide & Carbon Corporation are concerned I have not made any attempt on the chart to separate the earnings or the assets with regard to chemical operations.

Mr. SMOOT. I think the Senator will find most of it is dividends from investments.

Mr. LA FOLLETTE. I am going into it to the best of my ability.

Mr. SMOOT. We can find out from their tax returns.

Mr. LA FOLLETTE. I have not had access to the tax returns. I have been forced to confine my investigation to such analysis as I could make from the published reports of the corporations in the commonly employed financial publications.

Mr. SMOOT. The reports will be ready for the Senator tomorrow.

Mr. LA FOLLETTE. Unfortunately the Senate had already taken up the chemical schedule before the reports were ready.

From the paragraph numbers to the lower squares upon the chart run lines which attempt to show some of the various uses of various commodities in the manufacture of which these chemicals upon which increased tariff duties have been imposed are used.

Now, Mr. President, as briefly as possible I wish to indicate some of the increases, paragraph by paragraph, which have been made in tariff rates in the chemical schedules. I shall not refer to them all, but I shall ask to have some of them inserted in my remarks without reading.

The PRESIDING OFFICER. Without objection, permission is granted.

Mr. LA FOLLETTE. Paragraph 1. The Senate Finance Committee has increased the duty on formic acid from 25 per cent ad valorem to 4 cents per pound, representing an increase in duty of approximately 50 per cent. Formic acid is manufactured by E. I. du Pont de Nemours & Co. This product is used in dyeing textiles for clothing, in tanning of leather for shoes, in the manufacture of artificial silk, in the production of toilet perfumes, and as a coagulant for rubber latex used in the manufacture of automobile tires and rubber goods. Domestic production statistics are not available.

The rate of duty on oxalic acid has been increased in the Senate finance bill from 4 cents per pound to 6 cents per pound, representing an increase of 50 per cent. A specific duty of 6 cents per pound is equivalent to an ad valorem rate of 115 per cent.

Mr. EDGE. Mr. President—

The PRESIDING OFFICER (Mr. PATTERSON in the chair). Does the Senator from Wisconsin yield to the Senator from New Jersey?

Mr. LA FOLLETTE. I yield.

Mr. EDGE. The Senator referred to the last commodity as being in paragraph 1. I am trying to follow him.

Mr. SMOOT. Mr. President, while the Senator from New Jersey is locating the item, if the Senator from Wisconsin will yield to me, I should like to say a word. The Senator from Wisconsin stated that an increase had been made in the duty on oxalic acid. The duty on oxalic acid as provided in the bill passed by the House has been adopted by the Senate committee, and the rate as provided is in accordance with a presidential proclamation fixing the duty on that acid at the rate mentioned. So the duty proposed to be imposed on oxalic acid is exactly the same as the rate now existing under presidential proclamation.

Mr. LA FOLLETTE. I am glad the Senator has corrected my statement. I will correct the statement and say that the rate of duty on oxalic acid is increased in the Senate Finance Committee's bill from 4 cents a pound to 6 cents a pound over the rate in the act of 1922, that increase having been made since 1922 by presidential proclamation, and it represents an increase of approximately 50 per cent over the 1922 rate. Oxalic acid is manufactured by the Du Pont Co. Imports in 1928 were approximately 15 per cent domestic consumption. It is used in laundering of clothes, in the dyeing of textiles, and in the bleaching of leather.

Chromic acid has been transferred from the free list and made dutiable under paragraph 1 in the "all other acids" provision at 25 per cent ad valorem. Chromic acid is manufactured by the Du Pont Co. Chromic acid is being extensively used in chromium plating of automobiles, plumbing fixtures, household cooking utensils, and farm implements. Imports in 1927 were only 1.7 per cent of domestic consumption in 1927. It is interesting to compare the statement prepared by the experts of the Tariff Commission concerning this acid with that of the Ways and Means Committee in its explanation of this transfer.

The Summary of Tariff Information (Schedule 15, free list) gives as the last two sentences in the discussion of competitive conditions in chromic acid the following:

Competition is severe among domestic manufacturers of chromic acid. Imports supply only a small part of the domestic consumption.

The Ways and Means Committee has juggled these two sentences into the following:

Competition is severe and prices have decreased. It has been on the free list of previous tariff acts. Because of increased competition from imported material it has been stricken from the free list.

If there is any one thing that has made farm life more bearable than any other, it is the automobile. The transfer of chromic acid from the free to the dutiable list undoubtedly will cause an increase in the cost of the products whose manufacture it pays an important part. The increase in the duty on Belgian plate glass, used largely for windshields, may also very well be criticized by the farmer's real friends.

The Senate Finance Committee has approved the request of the Union Carbide & Carbon Corporation to increase the phraseology of paragraph 2 to cover hundreds of chemicals, only a few of which have been produced in commercial quantities. This increased phraseology will embargo hundreds of new chemical products as soon as they have commercial usage, the sole effect of which will be to increase the cost of the use of such products to the ultimate consumer. The 6 to 10 of these products now being commercially produced are used as antifreeze in automobiles, as raw materials for medicines, in the manufacture of perfumes, as vulcanizing accelerators for rubber, and as solvents for the production of lacquers for finishing automobiles, household furniture, and so forth.

Paragraph 4. The E. I. du Pont de Nemours Co. and Union Carbide & Carbon Corporation are manufacturing wood alcohol. The Senate Finance Committee has increased the duty on wood alcohol from 12 cents to 18 cents per gallon, representing an increase of 50 per cent. Imports in 1926 were 9.3 per cent of domestic consumption. Complete statistics for last year's imports and consumption are available. Practically all imports are used in manufacture of formaldehyde subsequently exported.

Mr. SMOOT. Mr. President, that is another duty which has been fixed to make it accord to the rate of duty under a presidential proclamation.

Mr. LA FOLLETTE. I am glad to have the Senator correct me in that respect. I have taken the 1922 law, and in some cases I have not, perhaps, noted the fact that since 1922 the President has taken action upon the recommendation of the Tariff Commission. I am very glad to have the Senator correct me in that particular.

This product is a household commodity and is used in the manufacture of household varnishes and lacquers and coal-tar dyes. It is also used in the manufacture of celluloid and other pyroxylin and phenolic plastics, and also in the manufacture of formaldehyde, which is widely used by the farmers in treating wheat to prevent rust and smut.

Hexyl alcohol was increased by the Senate Finance Committee from 25 per cent ad valorem to 6 cents per pound at the request of the Union Carbide & Carbon Corporation, the sole domestic producer. This product is used in the manufacture of automobile tires. No domestic-production statistics are available.

Paragraph 7. Ammonium carbonate: This product is produced by the Allied Chemical & Dye Corporation. The Senate Finance Committee approved the increase of duty by the Ways and Means Committee on ammonium carbonate from 1½ cents to 2 cents per pound. This product, as I have stated, is used in the production of baking powders, which are in turn used in making bread and pastries. It is also used in the manufacture of smelling salts, a medicinal preparation. No domestic-production statistics are available.

Paragraph 11. The Senate Finance Committee has made synthetic gums and resins dutiable at an embargo rate of 4 cents per pound and 30 per cent ad valorem. Synthetic resins are being produced by the Du Pont Co. and the Union Carbide & Carbon Corporation. Synthetic gums and resins are used in the manufacture of household varnishes and lacquers, in the production of automobile varnishes, in the manufacture of celluloid, pyroxylin plastics, and in the manufacture of toilet articles. No domestic-production statistics are available.

Paragraph 12. E. I. du Pont de Nemours Co. manufacture barium carbonate. The Senate Finance Committee has increased the rate of duty on this product from 1 cent to 1½ cents per pound. Imports in 1927 were 45 per cent of domestic consumption.

Mr. EDGE. Mr. President, is the Senator referring to paragraph 12?

Mr. LA FOLLETTE. Yes.

Mr. EDGE. I think the Senator is in error. Several times he has said that the Senate Finance Committee has increased the rate. The rate of duty in paragraph 12, to the best of my recollection, has not in any way been changed by the Senate Finance Committee. The House increased the rate; that is pos-

sible; but the bill as reported by the Senate Finance Committee shows no change over the rate in the House bill.

Mr. LA FOLLETTE. I am very glad to have the Senator correct me if I have made any misstatement.

Mr. SMOOT. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Utah?

Mr. LA FOLLETTE. I yield.

Mr. SMOOT. I may have misunderstood the Senator, but I gathered from his statement that he claimed that the Du Pont Co. made barium carbonate. Is not that the statement the Senator made?

Mr. LA FOLLETTE. Yes.

Mr. SMOOT. That company does not make that product.

Mr. LA FOLLETTE. It is my information that it does through one of its subsidiaries.

Mr. SMOOT. It does not make a pound of barium carbonate, but it does make barium chloride.

Mr. LA FOLLETTE. My information is that it does.

Mr. SMOOT. I am quite sure the Senator is mistaken.

Mr. LA FOLLETTE. I will look the matter up further.

I want to correct the statement I just made, and say that the Senate Finance Committee has approved the increase granted by the Ways and Means Committee on this product from 1 cent to 1½ cents a pound. A specific duty of 1½ cents per pound is equivalent to an ad valorem rate of 135 per cent. Barium carbonate is used in the production of building materials, such as tiles, floor, and wall coverings. It is also used in the production of pottery. It is used in water purification and for case-hardening compounds used in the manufacture of automobile motors and farm implements.

The Senate Finance Committee has approved the increase in the rate of duty on barium chloride from 1¼ cents to 2 cents per pound by the Ways and Means Committee. A specific rate of duty of 2 cents per pound is equivalent to an ad valorem rate of 185 per cent. Barium chloride is used in the manufacture of household paints and lithographic inks. It is also used in making white kid leather and in the manufacture of textiles and wall paper. This product is manufactured by the Du Pont Co. Domestic production statistics are not available.

Paragraph 16. Calcium oxalate is manufactured by the Du Pont Co. The Senate Finance Committee increased the duty on calcium oxalate from 25 per cent ad valorem to 4 cents per pound, representing an increase of approximately 50 per cent.

Mr. EDGE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from New Jersey?

Mr. LA FOLLETTE. I yield.

Mr. EDGE. I dislike to be continually interrupting the Senator, but I know perfectly well he wishes to be accurate.

Mr. LA FOLLETTE. I do.

Mr. EDGE. In reference to the commodity which he is now discussing exactly the same situation prevails as in the case to which I called attention a few moments ago. The Senate Finance Committee approved the House rate. I notice that the Senator frequently makes the statement that the Senate Finance Committee increased the rate.

Mr. LA FOLLETTE. I accept the correction of my statement.

Mr. SMOOT. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Utah?

Mr. LA FOLLETTE. I yield to the Senator from Utah.

Mr. SMOOT. I am sure the Senator is wrong when he says that the Du Pont Co. make calcium oxalate.

Mr. LA FOLLETTE. That is my information.

Mr. SMOOT. The three concerns in the United States that make calcium oxalate are the Victor Chemical Co. of Illinois, the Oldberg Chemical Co. of New York, and the Mutual Chemical Co. of New York. Those are the three companies that make that product in the United States, and I think they are all. The Du Pont Co., however, does not make that particular commodity.

Mr. LA FOLLETTE. It is my information that it is made by one of its subsidiaries, but I may be in error. I have not had the advantage enjoyed by the members of the Finance Committee of being surrounded by experts of the Tariff Commission, and I am frank to say that this is a complex schedule. I have, however, made the best effort that I could to analyze and discuss it.

Calcium oxalate is used as an intermediate in the production of oxalic acid. Oxalic acid is used, as previously stated, in the laundering of clothes, in dyeing of textiles, and in the bleaching

of leather for shoes. Domestic production statistics are not available.

Paragraphs 27 and 28. These paragraphs cover coal-tar intermediates, coal-tar dyes, and other coal-tar products. These coal-tar intermediates and finished coal-tar products are manufactured by the Du Pont Co. and the Allied Chemical & Dye Corporation. Imports of coal-tar dyes in 1928 were 6.3 per cent, by quantity, of domestic consumption in 1928.

Paragraph 31. This paragraph covers cellulose acetate and its compounds, pyroxylin and its compounds, and cellophane for wrapping. These products are made by the Du Pont Co. The Senate Finance Committee has increased the duty on cellulose acetate from 40 cents per pound to 50 cents per pound, and has increased the duty on all finished products made of cellulose acetate to 80 per cent ad valorem. Imports in 1927 were only 0.72 per cent by value and 0.85 per cent by quantity of domestic consumption in 1927. Cellulose acetate and its compounds are used for making photographic films, moving-picture films, hosiery, toilet articles, household lacquers, and material for covering airplane wings. The Senate Finance Committee has increased the duty on pyroxylin sheets for safety glass for automobile windshields from 40 cents per pound to 50 cents per pound. The Senate Finance Committee has increased the duty on cellophane from 40 cents per pound to 45 per cent ad valorem. This product is being extensively used for manufacture of lamp shades, for wrapping meat, confectionery, and other articles.

Paragraph 38. Butyl acetate and ethers and esters of all kinds. These products are manufactured by the Du Pont Co., Union Carbide & Carbon Corporation, and the Commercial Solvents Corporation. A large portion of its stock, I am informed, is owned by the Du Pont Co. Imports in 1928 were 15 per cent by quantity of domestic consumption for that year. The Senate Finance Committee has approved the increase in duty by the Ways and Means Committee on butyl acetate from 25 per cent ad valorem to 7 cents per pound, representing an increase of approximately 100 per cent. Butyl acetate is used as a solvent for making artificial leather, for production of lacquers, and for automobile and furniture finishes.

Paragraph 41. Hexamethylenetetramine: Imports in 1927 were 0.26 per cent by value of domestic consumption in 1927. The Senate Finance Committee has increased the duty on hexamethylenetetramine from 25 per cent ad valorem to 11 cents per pound, representing an increase in duty of approximately 40 per cent. Hexamethylenetetramine is used as a rubber accelerator in the production of automobile tires and other rubber goods. It is also used as a medicinal, as an internal antiseptic and diuretic.

Paragraph 70. Decolorizing and deodorizing carbons: These products are manufactured by the Du Pont Co. and the Union Carbide & Carbon Corporation. The Senate Finance Committee has approved the increase in duty by the Ways and Means Committee on decolorizing and deodorizing carbons from 25 per cent to 45 per cent ad valorem. These products are used in the purification of sugar, sirup, and vegetable and animal oils. They are also used in dry cleaning for the recovering of dry-cleaners' solvents. Domestic production statistics are not available.

Paragraph 78. The E. I. du Pont de Nemours Co. manufacture lithopone. Imports in 1927 were 4.36 per cent by quantity and 3.73 per cent by value of domestic consumption for 1927. The Senate Finance Committee has approved the increase in duty by the Ways and Means Committee of lithopone, containing 30 per cent or more of zinc sulphide, from 1½ cents per pound to 1¼ cents per pound and 20 per cent ad valorem. Lithopone, as I have previously pointed out, is used as a filler in the manufacture of oilcloth and linoleum, in the manufacture of window shades, in household paints, and in the vulcanizing of rubber goods.

Paragraph 82: Sodium formate. The Senate Finance Committee has approved the increase by the Ways and Means Committee in the rate of duty on sodium formate from 2 cents to 2¼ cents per pound. Sodium formate is manufactured by the Du Pont Co. It is used in the manufacture of oxalic and formic acids, which are used for laundering clothing, for dyeing textiles, for bleaching leather for shoes, for the production of artificial silk, and for the manufacture of toilet articles. Domestic production statistics are not available.

Sodium nitrite is manufactured by the Allied Chemical & Dye Corporation and the Du Pont Co. The Senate Finance Committee has approved the increase in duty on sodium nitrite from 3 cents to 4½ cents per pound. A specific duty of 4½ cents per pound is equivalent to an ad valorem rate of 116 per cent. Sodium nitrite is used in the pickling of meats, in the dyeing of textiles, and in the manufacture of coal-tar dyes. Domestic production statistics are not available.

Sodium oxalate is manufactured by the Du Pont Co. The Senate Finance Committee has approved the increase of duty by the Ways and Means Committee from 25 per cent ad valorem to 3½ cents per pound, representing an increase of 100 per cent. Sodium oxalate is used in the manufacture of oxalic acid, which in turn is used in the laundering of clothing, in the dyeing of textiles, and in the bleaching of leather for shoes. Domestic production statistics are not available.

Sodium phosphate is manufactured by the Du Pont Co. and the Allied Chemical & Dye Corporation. The Senate Finance Committee has increased the duty on sodium phosphate containing less than 45 per cent of water from one-half of 1 cent per pound to 1½ cents per pound, and on sodium phosphate having more than 45 per cent of water from one-half of 1 cent per pound to three-fourths of 1 cent per pound. Imports in 1927 were 1.1 per cent by quantity of domestic consumption in 1927. Sodium phosphate is used in making baking powder for the production of bread and pastries. It is used in medicinal preparations. It is also used in the weighting of silks, in the production of household and industrial cleansers, and in the dyeing of textiles.

Mr. EDGE. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield to the Senator.

Mr. EDGE. It is quite correct, speaking of sodium phosphate, that we established a rate of three-fourths of 1 cent per pound; but in doing so we cut down the rate recommended by the House of 2 cents per pound.

Mr. LA FOLLETTE. As a general thing, Mr. President, I have taken the 1922 law as the base, and in going through the bill I have endeavored to state what the committees have done. I am satisfied that there is no mistake concerning the statement as to what has been done by the two committees with regard to the existing law, and I feel reasonably sure that my statements are correct concerning the action of the respective committees in a large number of instances. There may be some mistakes, and if there are any I am glad to be corrected.

Mr. EDGE. I am sure the Senator will not object to my drawing attention at this point to the fact that as he naturally jumps from paragraph to paragraph he has left a great many paragraphs that he does not discuss, wherein decided decreases have been made by the Senate Finance Committee. I am not criticizing the Senator in that regard. I simply wanted to draw attention to the fact that there are a number of paragraphs between those he is quoting where very decided reductions are made.

Mr. LA FOLLETTE. What I am trying to do at this time is to point out the increases which the Big Three of the chemical industry, who dominate and control that industry, have been given by the Senate Finance Committee or the Ways and Means Committee of the House. Then I propose to proceed to make some analysis of the profits of these corporations, to ascertain whether they fall under the class of the lame, the halt, and the blind as laid down by the President in his message when he referred to industry.

Mr. EDGE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin further yield to the Senator from New Jersey?

Mr. LA FOLLETTE. Yes; I yield.

Mr. EDGE. Does the Senator assert that these other paragraphs to which I have generally referred, where reductions are perfectly apparent by looking over the report, represent commodities not made by these three trusts?

Mr. LA FOLLETTE. No; I make no such contention as that. I am simply approaching the subject at this time from the angle of the increases which have been granted to these three great corporations which I believe are representative, and which I think, without peradventure of a doubt, dominate and control the chemical industry. When I get through I think I shall have made a demonstration of that fact.

Mr. THOMAS of Oklahoma. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Oklahoma?

Mr. LA FOLLETTE. I yield to the Senator from Oklahoma.

Mr. THOMAS of Oklahoma. Does the Senator from Wisconsin entertain the opinion that the bill as now drawn contains a general increase of rates over the existing law, the law of 1922?

Mr. LA FOLLETTE. I am under the impression that there are a great many increases over existing law, as I have previously stated; but I have not made a calculation to show the ad valorem equivalents of these rates and compared them with the law of 1922. The Tariff Commission yesterday, however, furnished a comparative statement in which they attempted to do that; but I want to point out that the commission have taken the 1928 imports as the unit value upon which they have made

their ad valorem calculations; and, while I have only had a few hours to go into it, I have found several instances showing that this statement furnished by the commission is not reflective of the condition of these various products taken over the range of years between the passage of the Fordney-McCumber Tariff Act and the present date.

For instance, I have looked up one particular commodity of which in 1928 there were a few imports of a very high grade. Of course, that gives a high figure upon which to calculate the ad valorem rate; but if one takes the imports over the range of the years and averages their value, he gets a very different conclusion.

Mr. EDGE. Mr. President, will the Senator yield at that point?

Mr. LA FOLLETTE. I yield.

Mr. EDGE. Referring to the question propounded by the Senator from Oklahoma, the information from the Tariff Commission on the chemical schedule gives these figures:

Act of 1922, 29.32 per cent.

House bill, 32.30 per cent.

Senate Finance Committee recommendation, 29.82 per cent.

In other words, showing an increase, so far as the Senate committee's recommendation is concerned, of fifty one-hundredths of 1 per cent over existing law, subject to such corrections or analysis as the Senator from Wisconsin or any other Senator might give the matter. But in that connection, speaking of an analysis, it might be well to give consideration to the fact that the chemical schedule contains paragraphs that might be quite properly in other schedules. For instance, casein is in the chemical schedule, and the Finance Committee have recommended a substantial increase which has gone to make this increase between the report of the committee and the existing law; and yet that increase might properly be credited or charged to the agricultural schedule.

Mr. LA FOLLETTE. Oh, yes, Mr. President; this is a very complicated schedule, and I certainly agree with the Senator that there are some things in it that do not belong in it.

Sodium silicofluoride is manufactured by the Du Pont Co. Imports in 1927 were 50 per cent by quantity of domestic consumption in 1927. The Senate Finance Committee has approved the increase in rate of duty by the Ways and Means Committee from 25 per cent ad valorem to 1 3/4 cents per pound, representing an increase of 50 per cent. Sodium silicofluoride is used in laundering textiles, in the production of kitchen utensils, and in the manufacture of glassware.

Sodium sulphate is manufactured by the Du Pont Co. and the Allied Chemical & Dye Corporation. Imports in 1927 were 50 per cent by quantity of domestic consumption in 1927. The Senate Finance Committee has approved the increase in duty on sodium sulphate, anhydrous, from \$2 per ton to \$4 per ton. This product is used in making bluing for laundering clothes, in glass manufacture, in dyeing of textiles, and in the manufacture of coal-tar dyes and kraft paper.

Sodium sulphide is manufactured by the Du Pont Co. and the Allied Chemical & Dye Corporation. Imports in 1927 were 10 per cent by quantity of domestic consumption in 1927. The Senate Finance Committee has increased the duty on sodium sulphide of a purity of 35 per cent or less from three-eighths of 1 cent per pound to one-half cent per pound. It is used in the manufacture of artificial silk, in leather manufacture, and in the manufacture of sulphur colors.

Sodium sulphite is manufactured by the Du Pont Co. and the Allied Chemical & Dye Corporation. Imports in 1927 were 9 per cent by quantity of domestic consumption in 1927. It is used in bleaching of textiles, in photographic developers, and in the preserving of meats. The Senate Finance Committee has increased the duty on sodium sulphite from three-eighths of 1 cent per pound to one-half cent per pound.

Sodium bisulphite and sodium metasilphite are manufactured by the Du Pont Co. and the Allied Chemical & Dye Corporation. Imports of sodium bisulphite in 1927 were 7 per cent by quantity of domestic consumption in 1927. The Senate Finance Committee has increased the duty on sodium bisulphite from three-eighths of 1 cent per pound to 1 cent per pound. It is used in the bleaching of textiles, as an antiseptic, in steeping and preserving grain, for the manufacture of paper, and for the tanning of leather.

Paragraph 92. Vanadium compounds: These products are produced by the Vanadium Corporation of America, a subsidiary of the Union Carbide & Carbon Corporation. The Senate Finance Committee has approved the increase in rate of duty by the Ways and Means Committee on these products from 25 per cent ad valorem to 40 per cent ad valorem. They are used as catalysts in the manufacture of dyes, alcohol, and solvents. They are also used in rendering soil productive for sugar cane,

in the manufacturing of medicines, disinfectants, insecticides, and rubber accelerators. Domestic production statistics are not available.

Paragraph 93. Zinc sulphide: This product is manufactured by the Du Pont Co. The Senate Finance Committee has approved the increase by the Ways and Means Committee in the rate of duty on zinc sulphide from 1 1/2 to 3 cents per pound. Zinc sulphide is used as an accelerator in the manufacture of rubber and as a pigment in the manufacture of household paints.

Mr. President, I have endeavored to point out the uses of essential commodities either covered "as is" or made from chemicals provided for in certain paragraphs of the chemical schedule in which increases were granted by the Senate Finance Committee, which commodities are manufactured and sold in this country by three gigantic chemical trusts. I have endeavored to show that these three chemical concerns are interested in chemical increases provided for in 17 paragraphs of the chemical schedule, increases in rates of duty of which were granted by the Senate Finance Committee. These three concerns not only have embargo protection under the present tariff act but are enjoying extensive export trade. The Du Pont Co. and the Union Carbide & Carbon Corporation have plants in the following foreign countries: Canada, France, Chile, Mexico, Australia, and Norway, and have alliances with European chemical concerns.

I will now endeavor to point out the uses by the farmers and other consumers of certain chemicals, either "as is" or the finished products made therefrom. These chemicals, as far as I can ascertain, are not produced directly by any of these three chemical trusts, but increases in rates of duty have been approved by the Senate Finance Committee.

Paragraph 1. The Senate Finance Committee has approved the increase in rate of duty from 6 cents per pound to 8 cents per pound on tartaric acid by the Ways and Means Committee. Imports in 1927 were 3.3 per cent by quantity of domestic consumption in 1927. Tartaric acid is used in the manufacture of baking powder, which is in turn used for making bread and pastry. It is also used for making medicinals and flavors, in soft drinks, and in printing and dyeing textile fabrics for coloring. It is further used in the production of certain dyes for coloring textiles.

Paragraph 11. The Senate Finance Committee has removed tragasol from the free list, and made it dutiable at 20 per cent ad valorem. Tragasol is used in the production of food products, in sizing textiles, and as a thickener for printing paste. It is also used in the leather and paper industries. Domestic production statistics are not available.

Paragraph 12. The Senate Finance Committee has approved the increase in the rate of duty on barium dioxide from 4 cents per pound to 6 cents per pound. This commodity is used for the production of hydrogen peroxide, a household antiseptic.

The Senate Finance Committee has approved the increase in the rate of duty on barium oxide from 25 per cent to 2 1/2 cents per pound, an increase of approximately 100 per cent. Barium oxide is used in the manufacture of barium peroxide, from which hydrogen peroxide, a household antiseptic, is made. No domestic production statistics are available.

Paragraph 15. The Senate Finance Committee has approved the increase by the Ways and Means Committee in the rate of duty on theobromine from 25 per cent ad valorem to 75 cents per pound, representing an increase of 200 per cent. Theobromine is manufactured by the Monsanto Chemical Works. The net earnings of this concern have increased from \$175,206 in 1922 to \$1,273,727 in 1928, representing an increase in net earnings of 6,200 per cent during the life of the present tariff act. The assets of this concern have increased approximately 40 per cent during the last three years; that is, from \$8,788,742 in 1925 to \$12,190,882 in 1928. Theobromine is used in the manufacture of medicinal preparations. Domestic production statistics are not available.

Paragraph 17. The Senate Finance Committee has approved the increase by the Ways and Means Committee in the duty on calomel from 45 per cent ad valorem to 22 cents per pound and 25 per cent ad valorem. Imports of calomel in 1927 were 2.7 per cent by quantity of domestic consumption in 1927. Notwithstanding the fact that the importations of calomel in 1928 were approximately 5 per cent of domestic consumption, the wholesale selling price of calomel in the New York market has increased from \$1.25 per pound to \$2.05 per pound. Calomel is a universal remedy for liver ailments. The Senate Finance Committee has approved the increase by the Ways and Means Committee on corrosive sublimate and other mercurial preparations from 45 per cent ad valorem to 22 cents per pound and 25 per cent ad valorem, representing increases of approximately 10 per cent. Imports of corrosive sublimate in 1927 were 0.75 per cent by quantity of domestic consumption in 1927. Cor-

rosive sublimate and other mercurial preparations are widely used medicinally.

Paragraph 20. The Senate Finance Committee has approved the increase in duty by the Ways and Means Committee of whitening and Paris white from 25 per cent ad valorem to four-tenths cent per pound, an increase of about 700 per cent. Imports in 1927 were 42 per cent by quantity of domestic consumption for 1927. Whitening is used in the manufacture of paints, linoleum, pottery, and rubber goods. A specific duty of four-tenths cent per pound is equivalent to an ad valorem rate of 175 per cent.

The United States Tariff Commission conducted an investigation under the flexible-tariff provisions of the cost of production in the United States and the principal competing countries, and could only recommend an increase in duty from 25 per cent to 37½ per cent ad valorem. The Senate Finance Committee has increased the rate of duty on putty, ground in oil, from three-fourths of 1 cent per pound to 1 cent per pound. Putty is extensively used in painting and in fixing window glass. Last year's production statistics are available.

Paragraph 26. The Senate Finance Committee has approved the increase by the Ways and Means Committee of the rate of duty on di-ethyl barbituric acid, otherwise known as veronal or barbital, from 25 per cent ad valorem to \$2.50 per pound. A specific duty of \$2.50 per pound is equivalent to an ad valorem rate of 178 per cent, based on foreign value, stated in Summary of Tariff Information. Di-ethyl barbituric acid is a widely used medicinal preparation. No production statistics are available.

Paragraph 28. The Senate Finance Committee transferred red vanillin from paragraph 61, at the rate of duty of 45 per cent ad valorem, and made it dutiable under paragraph 28 at 45 per cent ad valorem, based on the American selling price, and 7 cents per pound. Imports of vanillin in 1927 were 1 per cent by quantity and 1 per cent by value of domestic consumption in 1927. This is an increase of nearly 100 per cent. Vanillin is produced by the Monsanto Chemical Works, the tremendous increase in the earnings and assets of which I have previously stated, and the Mathieson Alkali Works. The net earnings of the latter concern increased from \$188,648 in 1921 to \$2,091,402 in 1928, representing an increase of over 1,000 per cent. Their assets also increased over \$2,240,000 in three years—that is, from \$15,082,713 in 1925 to \$17,922,643 in 1928. Vanillin is used for flavoring purposes as an artificial vanilla flavor. It is also used in the manufacture of perfumes.

Paragraph 33. The Senate Finance Committee has approved the increase in the rate of duty by the Ways and Means Committee on compounds of casein from 40 cents per pound and 25 per cent ad valorem to 40 cents per pound and 50 per cent ad valorem. Imports in 1927 were approximately 4 per cent by quantity of the domestic consumption in 1927. Compounds of casein are widely used in the manufacture of a variety of products, such as combs, buttons, jewelry, toilet articles, penholders, and electrical insulating compounds.

Paragraph 38. The Senate Finance Committee has increased the duty on amyl acetate from 25 per cent ad valorem to 7 cents per pound, representing an increase of approximately 80 per cent. Imports in 1927 were 0.01 per cent by quantity of domestic consumption in 1927. Amyl acetate is the so-called banana oil, the odor of which one detects when radiators and metal ware are bronzed. It is also extensively used as a solvent in the production of lacquers for automobiles and furniture finishes. This product is manufactured by only one concern in this country, namely, the Sharples Corporation, of Belle, W. Va. This increase was made by the Senate Finance Committee notwithstanding the fact that the importations of amyl acetate in 1927 were only one one-hundredths of 1 per cent of domestic consumption.

Paragraph 42. The Senate Finance Committee has approved the increase in duty of nonedible gelatin, glue, and fish glue, valued at less than 40 cents per pound, from 20 per cent ad valorem and 1½ cents per pound to 25 per cent ad valorem and 2 cents per pound. It also has approved the increase in the rate of duty by the Ways and Means Committee on nonedible gelatin, glue, and fish glue, valued at 40 cents or more per pound, from 20 per cent ad valorem and 7 cents per pound to 25 per cent ad valorem and 8 cents per pound. These products are used in the manufacture of photographic films and plates, in sizing straw hats, and as adhesives. The United States Tariff Commission made an investigation, at the request of the glue manufacturers, into the production and cost of glue in the United States and abroad, especially in Great Britain, which is the chief competitor. The difference between the cost of production abroad and here, as stated in this report, is so insignificant that the Tariff Commission abstained from making any recommendation whatsoever. Domestic-production statistics are not available.

The Senate Finance Committee increased the rate of duty on agar-agar from 25 per cent ad valorem to 25 per cent ad valorem and 15 cents per pound, representing an increase of 20 per cent. Agar-agar is produced in this country by only one manufacturer. It is a thick, gelatinous jelly made from seaweed and is used chiefly in medicine. Domestic-production statistics are not available.

Paragraph 50. The Senate Finance Committee has approved the increase by the Ways and Means Committee in the rate of duty on calcined magnesia from 3½ cents per pound to 7 cents per pound. Imports in 1925 were 1.5 per cent by quantity of domestic consumption in 1925. Calcined magnesia is used in medicinals, in toilet preparations, and in the manufacture of automobile tires and rubber goods. This increase was made by the Senate Finance Committee notwithstanding the fact that the imports in 1928 of calcined magnesia were less than 3 per cent of domestic production in 1925, and notwithstanding the fact that the domestic production in 1925, according to the United States Bureau of the Census, was over four times the domestic production in 1921. In other words, domestic production of calcined magnesia had increased from 2,648,678 pounds in 1921 to 11,086,480 pounds in 1925.

Paragraph 53. The Senate Finance Committee has reduced the duty on crude sperm oil from 10 cents to 6 cents a gallon and increased the rate of duty on refined sperm oil from 10 cents per gallon to 12 cents per gallon. Imports in 1927 were 77 per cent by quantity of domestic consumption in 1927. Notwithstanding that the production of sperm oil in the United States is small and is confined entirely to the Pacific coast, it is used as a lubricant for machinery, for illumination, and in the leather industry. Domestic-production statistics are not available.

Paragraph 55. The Senate Finance Committee has approved the transfer by the Ways and Means Committee of palm-kernel oil from the free list and placing it on the dutiable list at 1 cent per pound. Palm-kernel oil is used in the manufacture of soaps and margarine and lard compounds. The Senate Finance Committee has approved the Ways and Means Committee transfer of sesame oil from the free list, and making it dutiable at 3 cents per pound. Sesame oil is used as an adulterant for olive oil, and as a fuel oil, and in the manufacture of soap. The Senate Finance Committee has increased the duty on soybean oil from 2½ cents to 2½ cents per pound. Imports of soybean oil in 1927 were 72 per cent of domestic consumption in 1927. Soybean oil is used in the manufacture of soap and lard compounds. Domestic production statistics are not available.

Paragraph 64. The Senate Finance Committee has approved the increase in the rate of duty by the Ways and Means Committee on phosphorous oxychloride and phosphorous trichloride from 25 per cent ad valorem to 6 cents per pound, representing an increase of approximately 100 per cent. These products are used in the manufacture of plasticizers used in the manufacture of automobile and household lacquers and celluloid products. Domestic production statistics are not available.

Paragraph 70. The Senate Finance Committee has increased the duty on ultramarine blue valued at 10 cents per pound or more, from 3 cents per pound to 4 cents per pound. Imports of ultramarine in 1927 were 9.9 per cent of domestic consumption in 1927. Ultramarine blue is used in laundering, in the production of household paints, paper, linoleum, soap, and household utensils.

Paragraph 77. The Senate Finance Committee has approved the increase by the Ways and Means Committee of the rate of duty on vermilion reds from 28 cents per pound to 22 cents per pound and 20 per cent ad valorem. Imports in 1925 were 34 per cent by quantity of domestic consumption in 1927. Vermilion reds are used for coloring rubber goods, for paints, and lithographic inks. Domestic production statistics are not available.

The Senate Finance Committee has approved the increase by the Ways and Means Committee on cuprous oxide from 25 per cent ad valorem to 35 per cent ad valorem. Cuprous oxide is used in the manufacture of antifouling paints which are applied to ship bottoms to prevent fouling by barnacles and other marine organisms.

Paragraph 79. The Senate Finance Committee has increased the duty on potassium citrate from 25 per cent ad valorem to 13 cents per pound. Potassium citrate is used for the production of citric acid, which is used for medicinal purposes, and for the production of foods and soft drinks. The Senate Finance Committee has increased the duty on potassium nitrate, refined, from one-half cent to 1 cent per pound. Potassium nitrate is used for curing meats, for the manufacture of black powder, and for fireworks. The United States Tariff Commission was

asked to increase the duty on potassium nitrate in 1927. Data were collected in 1928. What has happened to this investigation since the field study? Potassium permanganate: The Senate Finance Committee has approved the increase in the rate of duty on this product by the Ways and Means Committee from 4 cents per pound to 6 cents per pound. Potassium permanganate is used as an ingredient for poultry remedies, for medicinal purposes, and for the production of household paints. No domestic production statistics are available.

Paragraph 80. The Senate Finance Committee has approved the transfer of metallic sodium and potassium from the free list, and has made these two products dutiable at 25 per cent ad valorem. Metallic sodium is principally used in the manufacture of synthetic indigo. Both of these metals are used in the production of certain organic chemicals and in organic chemical research. The Senate Finance Committee has also transferred lithium, beryllium, and cesium from the free list and made them dutiable at 25 per cent ad valorem. None of these metallic elements have been produced in this country, and none of them have any commercial importance.

Paragraph 82. The Senate Finance Committee has increased the duty on sodium chlorate from 1½ cents per pound to 2 cents per pound. Sodium chlorate is used quite extensively for killing weeds, especially the wild morning-glory and quack grass. It is being used in the Western States, especially Idaho and Utah. It is also used in the production of explosives and dyes.

Paragraph 85. The Senate Finance Committee has approved the increase by the Ways and Means Committee in the rate of duty on dextrine from 2¼ cents to 3 cents per pound. Dextrine is used in the textile industry for printing calico and other fabrics. It is also used in the manufacture of paper boxes and wall paper. Production statistics are not available.

CONSUMING INDUSTRIES

It is apropos, in considering the effect of the increases by the Senate Finance Committee in the chemical schedule, to consider the consuming industries as well as the ultimate consumer. The American Farm Bureau Federation, the National Grange, and the American Horticultural Association asked the Senate Finance Committee to put ammonium phosphate and ammonium sulphate, provided for in paragraph 7, on the free list. These two products are extensively used, especially the latter, as fertilizers. These two products also have technical uses. The American Farm Bureau Federation asked the Senate Finance Committee to place the fertilizer grades of these two products on the free list, and to leave the technical grades dutiable, but the Senate Finance Committee has failed to do so. It is of interest to note that the National Fertilizer Association also asked the Senate Finance Committee to place ammonium sulphate on the free list. These two products are being used more and more extensively by the farmers. All other fertilizers are on the free list, with the exception of these two products. Most probably the influence of the Mellon interests, through Koppers, controlling the domestic production of ammonium sulphate, was responsible for the retention of that fertilizer on the dutiable list, notwithstanding the fact that the imports of ammonium sulphate in 1928 were only 5 per cent of domestic consumption, and the exports were 15 per cent of domestic production.

Several of the increases in the chemical schedule cover raw materials used by the paint and varnish industry, which will undoubtedly increase the cost of paints and varnishes to the ultimate consumer. Some of these commodities are synthetic resins in paragraphs 11 and 28, and butyl acetate and amyl acetate in paragraph 38. The American Paint and Varnish Manufacturers' Association protested to the Senate Finance Committee on the increase of approximately 100 per cent in rate of duty on butyl acetate, claiming that such increase would considerably curtail the use of that essential solvent for lacquer manufacture.

Paragraph 11 is the synthetic resin paragraph; and as the average good synthetic resin sells for 20 cents to 30 cents per pound, this means a duty of 14 cents to 18 cents per pound which the varnish maker must add to his cost.

The varnish trade have been accustomed to import their resins under the free list, paragraph 1584 of the present tariff law, which is paragraph 1685 of the Senate Finance bill. This paragraph covers natural gums and resins, such as damar, kauri, copal, dragon's blood, kadaya, sandarac, and other natural gums and resins not specially provided for. These important raw materials have been free, and have sold at low prices. Now that the demands of the paint and varnish trade are for quick-drying materials, the manufacturers have turned to the synthetic resins which are producing these results. As a matter of fact, there are at present at least a dozen superior synthetic resins that are not made in this country and are being

made under patents in Germany, Austria, and England, which would fall under paragraphs 11 and 28; and under the latter paragraph, with American valuation assessed against not the identical product but any similar or even substituted resin, the duty would be so high at 45 per cent, plus 7 cents per pound, that it would prohibit their importation.

There is no doubt that before the Hawley-Smoot bill is 2 years old, the varnish trade will be using very little else but synthetic resins. Their only hope to compete with nitrocellulose lacquer, and, in fact, the ultimate improvement of the lacquers themselves depends upon new synthetic resins yet to be produced in the United States. Proof can be given that some of these much-needed resins are now made abroad, and the American varnish manufacturers would be forced to pay a premium of twice their foreign purchase price because of the embargo protection of paragraphs 11 and 28.

The increases in the chemical schedule will also affect many commodities used by the automobile manufacturers. One automobile manufacturer has listed many items in the chemical schedule covered by increases by the Senate Finance Committee. This is especially true with synthetic resins in paragraph 11 and with butyl acetate in paragraph 38, both of which are used in the production of lacquers for automobile finishes. Paragraph 2, at the request of the Union Carbide & Carbon Corporation, has been extended to cover many commodities which are being used by automobile manufacturers and probably will be extensively used by them in the future. I refer to rubber accelerators, to antifreeze compounds, and to solvents for automobile lacquers, all covered by paragraph 2 at an embargo rate of duty.

The phraseology of paragraph 2 has been so enlarged in the Senate Finance Committee bill as to cover an entire class of chemical compounds, the majority of which, as a matter of fact, have never been produced in commercial quantities and to-day are merely laboratory curiosities. They have attempted to cover, by this broad chemical language, nearly all of the developments that could possibly be made in these noncoal-tar organic chemicals in the future. It so happens that most of the products that would be of interest in automobile finishes, surface materials for artificial leather, raw materials for the manufacture of varnish, paint, and artificial silk, including airplane sizings or "dopes," happen to be manufactured from the raw materials so covered and embraced by this paragraph. The rate of duty specified in this paragraph of 30 per cent ad valorem plus 6 cents per pound specific is a higher rate than that in paragraph 4, and in a great many instances paragraph 2 could be interpreted to cover the same items intended to be covered by Congress, not only in paragraph 4 but also in paragraph 11.

I feel that a principle is involved in paragraph 2 that is unfair to all other industries. This paragraph contains "hidden protection" in its worst form. It is impossible for the average layman to sense the potential danger embodied in this paragraph. If enacted into law, it undoubtedly will become a bone of contention which would seriously embarrass the proper administration of the law, as it covers commodities meant to be covered elsewhere, as in paragraphs 4, 11, and 38. As a great many items covered by this paragraph would sell at prices ranging from 12 cents to 35 cents per pound, the specific duty of 6 cents per pound plus 30 per cent ad valorem would amount to an embargo, the result of which would be to raise the prices on the most common articles which would be sold in the neighborhood of 12 cents per pound, almost 100 per cent in value.

I now wish to take up the consideration of the question as to the major beneficiaries of the increases in duties which are provided for in the chemical schedules of this bill. The analysis which I have made shows conclusively, I believe, that the principal beneficiaries will be the "big three" of the chemical industry. They are the E. I. du Pont de Nemours Co., the Allied Chemical & Dye Corporation, and the Union Carbide & Carbon Corporation, whose combined assets are more than a billion dollars. Their net earnings in 1928 were more than \$122,000,000, and their rates of profit upon their actual cash investment, as I shall later show, are extraordinary and excessive.

It is pertinent to ascertain whether or not the chemical industry is entitled to additional protection because that industry is in any way depressed or because the capital invested in it is not getting a reasonable return. If, of course, it can be demonstrated that the industry is profitable to its owners, the absence of proper labor conditions can not be attributed to a depression in the industry itself or to the fact that the concerns in it are unable to pay adequate wages.

It is quite beside the point to argue that the labor in some of the chemical industries needs additional protection when the corporations in those industries are earning as high as 20 per

cent annually on their investment, and when the common-stock holders have made profits over the last seven years as great in some cases as 1,800 per cent.

I have shown that among the companies who will reap additional benefits from the proposed increases in the duties on chemicals are the Allied Chemical & Dye Corporation, New York; E. I. du Pont de Nemours & Co.; and the Union Carbide & Carbon Corporation. While, of course, these companies do not represent the entire chemical industry, they are its largest and most representative corporations. All three of these companies are not small isolated units but are holding companies, which, in turn, control scores of smaller operating units. They are interested in practically every branch of the chemical industry. Some conception of the units controlled may be gathered from the statements of the subsidiary companies which I have had extracted from Moody's, and which I ask to have printed as an appendix to my remarks.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

(See Exhibit A.)

Mr. LA FOLLETTE. Mr. President, in order to ascertain the financial conditions of these three companies I have made some calculations on the basis of the figures which the companies themselves furnish in Moody's Manuals. As I stated a few moments ago, the income-tax returns requested by the Finance Committee were not available to me at the time I made preparation for these remarks. They have only been received by the committee within the last few days. They are now in the hands of the printer, and of course I have not had access to them. But, as I said before, these analyses have been made from Moody's, and I think we may fairly assume that these corporations give themselves much the best of it in making public their statements for the use of investors and others interested in their returns. I wish to acknowledge the assistance which I have received in the analysis of these statements from Prof. W. A. Morton, of the University of Wisconsin.

I am assuming that these figures fairly represent the conditions of these concerns, although, according to current reports in financial journals, all of these companies are making very moderate statements of earnings and providing very liberally for depreciation. However, all of the data upon which I base my conclusions are derived by assuming the correctness of the balance sheets. I sought to find answers of these three corporations to the following questions:

First. Were the total investments of these corporations increasing or decreasing?

Second. Were the dividends paid on common stock increasing or decreasing?

Third. Were the amounts earned per share of common stock increasing or decreasing?

Fourth. What was the total investment annually of each concern; and (a) what portion of it was devoted to chemical operations?

Fifth. What was the percentage earned annually on the capital devoted to chemical operations?

Sixth. What was the percentage earned on the total investment?

Seventh. What gain has accrued to the holders of common stock since 1922?

In connection with question 4 relating to the total annual investment of each concern, I have taken the invested capital as the par or stated value of all securities outstanding, plus surplus. Appropriated surpluses or reserves are excluded. Invested capital as here computed shows the amount of money placed in the business by common-stock holders, preferred-stock holders, and all

bondholders and other creditors, plus the sums which have been plowed back into the business from earnings in excess of dividends. I submit, Mr. President, that one could not take a more generous or liberal interpretation of their situation than that. This, I believe, is a fair method of computing the total investment. It is the same method used by the Standard Statistics Co. as explained in Corporation Profits by Laurence H. Sloan, Chapter VII.

By adding together these amounts we get the total investment of each corporation. Dividing the net income by the total investment, we can see the percentage earned on the total investment. This is the method pursued in the case of the Union Carbide & Carbon Corporation. The same method was pursued in the case of the Allied Chemical and Du Pont. However, in the latter cases it was necessary to differentiate, in so far as it was possible, between the capital devoted to chemical operations and to other investments.

It is a well-known fact that Allied Chemical is more or less of an investment trust and derives a portion of its earnings from other stockholdings. Just what these holdings are is not stated in their reports. Du Pont, of course, has a large investment in General Motors and derives a considerable portion of its total income from this source. In these two cases, therefore, it was necessary to attempt to compute the property which was devoted to chemical operations. I have made this computation on the following basis:

I have assumed that the physical property less depreciation, plus the inventory, fairly represents the capital devoted to chemical operations. I realize that a certain portion of the cash holdings, call loans on the stock market, accounts receivable, and other items of this kind contributed to the chemical operations, and what may seem an arbitrary separation such as I have made has some limitations because the company is operating as a unit. However, under the circumstances, this is the best method of ascertaining the investment in chemical operations as distinguished from holdings in other securities.

In other words, I have tried to separate the banking and investment functions of these corporations from their operating functions. It would be advisable also to have some way of separating the income derived from chemical operations from that income derived from investments. Allied Chemical does not separate its income in this manner. I have, therefore, been obliged to compute the percentage earned on capital devoted to chemical operations on the basis of the total income of Allied Chemical. In the case of Du Pont, I computed the percentage earned on the investment devoted to chemical operations on the basis of the income from those operations as specifically stated in the balance sheet. In addition to that, I made calculations in all cases on the basis of the ratio of total income to total investment.

I shall introduce extracts from the balance sheets of the Union Carbide & Carbon Corporation, the Allied Chemical & Dye Corporation, New York, and the E. I. du Pont de Nemours & Co. These extracts contain, not the complete balance sheet, but only such information from the balance sheet which it was necessary to compile in order to answer the questions enumerated.

In the statement of the Union Carbide & Carbon Corporation, which I ask to be introduced into the Record at this point, it will be noted that this company has been exceedingly prosperous since 1922, the year preceding the enactment of the Fordney-McCumber bill, which raised the rates in the chemical schedule.

The PRESIDING OFFICER. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

Union Carbide & Carbon Corporation

COMPARATIVE CONSOLIDATED INCOME ACCOUNT, YEARS ENDED DECEMBER 31

Item	1928	1927	1926	1925	1924	1923	1922
1. Net profits after taxes	\$39,527,253	\$34,195,681	\$32,834,978	\$28,267,089	\$23,939,638	\$22,708,857	\$17,970,544
2. Depreciation and depletion	7,060,086	6,440,221	6,003,037	5,692,188	6,178,214	6,504,443	6,254,439
3. Other charges	634,770	1,214,968	1,467,940	1,509,339			
4. Net income	31,832,397	26,540,492	25,364,001	21,065,562	17,761,424	16,204,414	11,716,114
5. Interest charges	692,014	706,831	722,042	543,975	489,852		
6. Subsidiaries preferred dividends	563,000	493,000	499,352	500,260	500,260		
7. Balance	30,577,383	25,340,661	24,142,607	20,021,327	16,771,312	16,204,414	11,716,114
8. Dividends paid	16,235,208	15,958,398	13,963,598	13,298,665	13,298,665	10,638,932	10,638,932
9. Surplus	14,342,175	9,382,263	10,179,009	6,722,662	3,472,647	5,565,482	1,077,182
10. Earned per share (old stock) (earnings on common stock in 1928 are 153 per cent larger than in 1922)	11.15	9.53	9.08	7.53	6.30	6.09	4.40

Union Carbide & Carbon Corporation—Continued

EXTRACTS FROM COMPARATIVE CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31

Item	1928	1927	1926	1925	1924	1923	1922
LIABILITIES REPRESENTING TOTAL INVESTMENT							
11. Capital stock.....	\$116,621,425	\$109,112,421	\$109,112,421	\$109,112,421	\$109,112,421	\$109,112,421	\$109,112,421
12. Preferred stock of subsidiaries.....	7,350,000	6,350,000	6,350,000	6,471,000	6,471,000	6,471,000	6,471,000
13. Bonds and mortgages of subsidiaries.....	13,112,000	13,379,500	13,635,650	13,857,000	9,789,701	8,238,850	8,286,250
14. Capital and earned surplus.....	86,606,036	72,557,918	63,065,492	52,851,321	75,334,931	71,450,857	66,550,373
15. Total investment ¹	223,689,461	201,399,839	192,133,563	182,291,742	200,708,053	195,273,128	190,420,044
16. Price range, common.....	209-136 $\frac{1}{4}$	154 $\frac{1}{2}$ -98	100 $\frac{1}{4}$ -78	81-65 $\frac{1}{4}$	67 $\frac{1}{2}$ -55	65 $\frac{1}{2}$ -54 $\frac{1}{2}$	65-44
17. Percentage earned on total investment.....	14.23	13.18 $\frac{1}{2}$	13.20	11.55	8.85	8.30	6.15

¹ Since practically all of the assets of this company seem to be devoted to chemical operations, no distinction is made between "Capital devoted to chemical operations" and "Total investment" as in the case of Du Pont and Allied Chemical.

In 1922, \$1,000 would buy about 18 shares of Union Carbide common stock at \$55 per share. In April, 1929, this stock was split, giving 3 new shares for 1 old. The new shares closed on the New York Stock Exchange Sept. 12, 1929, at 133. This makes the present total value of the original 18 shares (now 54 shares) \$7,182. This gives a profit of 618 per cent of the original investment, in addition to the cash dividends received annually throughout the period.

Mr. LA FOLLETTE. Mr. President, I shall answer the seven questions as developed by this analysis of the Union Carbide & Carbon Corporation:

First. The "net income" of the company increased from \$11,000,000 in 1922 to \$31,000,000 in 1928.

Second. The "dividends paid to common-stock holders" increased from \$10,000,000 in 1922 to \$16,000,000 in 1928.

Third. In 1922 this company earned \$4.40 per share on the common stock. Throughout this period earnings increased steadily until in 1928 the earnings were \$11.15 per share on the common stock. In other words, earnings on the common stock in 1928 were 153.4 per cent larger than in 1922.

Mr. President, is this one of the lame, the blind, and the halt companies which the President said we might look after when we were supposed to be revising the tariff in the interest of the farmers? Does this fall under the President's statement? I do not think it does.

Fourth. The total investment of Union Carbide increased from \$190,000,000 in 1922 to \$223,000,000 in 1928.

It does not look as if they were having any trouble in getting capital under the rates provided in the Fordney-McCumber Tariff Act.

(a) Since Union Carbide does not show other investments, nor is it reputed to be an investment trust, as in the case of Du Pont and Allied Chemical, I have made no separation between "total investment" and "capital devoted to chemical operations."

Fifth. (See 4 A.)

Sixth. "Percentage earned on the total investment" increased from 6.15 per cent in 1922 to 14.23 per cent in 1928.

Seventh. An investment of \$1,000 in Union Carbide in 1922 was worth \$7,182 on the New York Stock Exchange on September 12, 1929. In addition to this appreciation of the stock, liberal dividends have been paid throughout this period. I am, of course, aware of the fact that the stock market at the present time may be in an inflated condition and that a part of the appreciation of these stocks may be primarily due to speculation and to unbounded optimism. But even should present prices be discounted very largely, they would still leave a very fine profit to the original holders of Union Carbide common.

I ask that the following extracts of income accounts and balance sheets of the Allied Chemical and Dye Corporations, New York, be inserted in the RECORD at this point.

The PRESIDING OFFICER. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

Allied Chemical & Dye Corporation, New York
COMPARATIVE CONSOLIDATED INCOME ACCOUNT, YEARS ENDED DECEMBER 31

Item	1928	1927	1926	1925	1924	1923	1922
1. Gross income after depreciation and taxes.....	\$29,871,000	\$27,714,736	\$27,299,828	\$23,140,592	\$21,059,689	\$21,974,558	\$17,280,368
2. Federal taxes.....	2,908,560	3,127,863	3,227,008	2,574,000	2,519,728	2,826,086	2,165,414
3. Net after taxes.....	26,962,442	24,586,873	24,072,820	20,566,592	18,539,961	19,148,472	15,114,954
4. Preferred dividends.....	2,749,943	2,749,943	2,749,943	2,749,943	2,749,768	2,735,094	2,731,942
5. Common dividends.....	13,068,654	13,068,654	9,801,490	8,712,436	8,712,062	8,631,746	8,613,757
6. Surplus.....	11,143,845	8,768,276	11,521,387	9,104,213	7,078,131	7,781,632	3,769,255
7. Earned per share, preferred.....	68.63	62.59	61.28	52.35	47.19	48.75	38.50
8. Earned per share, common (earnings on common stock in 1928 are 95.43 per cent larger than in 1922).....	11.12	10.02	9.79	8.18	7.25	7.54	5.69

EXTRACTS FROM COMPARATIVE CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31

ASSETS							
9. Property account before depreciation.....	\$196,699,901	\$173,496,222	\$165,130,008	\$163,819,852	\$152,835,964	\$152,149,839	\$150,678,588
10. Less depreciation.....	104,374,095	99,176,974	93,605,709	89,128,208	81,354,126	74,604,691	68,692,449
11. Property account after depreciation.....	92,325,806	74,319,148	71,524,299	74,691,644	71,481,838	77,545,148	81,986,139
12. Inventory.....	25,771,227	27,432,295	31,727,914	29,921,808	28,479,160	32,471,664	28,266,095
13. Property devoted to chemical operations.....	118,097,033	101,741,443	103,252,213	104,613,452	99,960,998	110,016,812	110,252,234
LIABILITIES REPRESENTING TOTAL INVESTMENT							
14. Preferred stock.....	39,284,900	39,284,900	39,284,900	39,284,900	39,284,900	39,274,900	39,250,100
15. Common stock.....	10,890,545	10,890,545	10,890,545	10,890,545	10,890,545	10,889,215	10,889,215
16. Capital surplus.....	62,868,230	62,868,230	62,868,230	62,868,230	62,868,230	62,879,560	126,428,336
17. Earned surplus.....	118,957,589	107,813,744	99,045,468	87,524,082	78,419,869	71,330,408	
18. Total investment.....	232,001,284	220,857,419	212,089,143	201,567,757	191,463,544	184,374,083	176,576,651
19. Price range, common stock.....	252 $\frac{1}{4}$ -146	169 $\frac{1}{4}$ -131	148 $\frac{1}{2}$ -106	116 $\frac{1}{2}$ -80	87 $\frac{1}{2}$ -65	80-59 $\frac{1}{4}$	91 $\frac{1}{2}$ -55 $\frac{1}{2}$
20. Percentage earned on capital devoted to chemical operation, ratio of 3/13.....	22.83	24.16	23.31	19.65	18.54	17.40	13.70
21. Percentage earned on total investment, ratio 3/18.....	11.62	11.13	11.35	10.20	9.68	10.38	8.55

In 1922, \$1,000 would buy approximately 14 shares of common stock at an average price of about \$73. On Sept. 12, 1929, Allied Chemical and Dye common closed at \$329 per share. This would make 14 shares worth \$4,606. This means a net gain to the stockholder in market price of \$3,606, or 360 per cent, on his investment in addition to the dividends paid throughout this period. (Reference, Moody's Industrials.)

Mr. LA FOLLETTE. Mr. President, Allied Chemical, as is well known, in addition to its valuable chemical operations, is an investment trust. It has owned a great many securities over a period of years, which speculators in the market seem to believe have appreciated greatly in value. However, since no publication is made of the exact data regarding its investments, I am not in a position to say to what extent the speculative activity in Allied Chemical common is due to increasing profits in chemical operations or to appreciation in the value of investment securities held, except as now pointed out:

First. The "net income after taxes" of Allied Chemical & Dye Corporation increased from \$15,000,000 in 1922 to \$26,000,000 in 1928.

Second. The "dividends paid to common-stock holders" increased from \$8,000,000 in 1922 to \$13,000,000 in 1928.

Third. The "earnings on common stock" increased from \$5.69 per share in 1922 to \$11.12 in 1928. The earnings on the common stock were, therefore, 95.43 per cent larger in 1928 than they were in 1922.

Fourth. The "total investment" of Allied Chemical increased from \$176,000,000 in 1922 to \$232,000,000 in 1928.

(a) The "property devoted to chemical operations" increased from \$110,000,000 in 1922 to \$118,000,000 in 1928.

Fifth. The ratio of total earnings—"net income after taxes"—to the "property devoted to chemical operations" shows an increase from 13.7 per cent in 1922 to 22.83 per cent in 1928. It should be emphasized here that inasmuch as Allied Chemical does not separate its earnings, it was impossible to compute the ratio of "income from operations" to the "property devoted to chemical operations."

Sixth. "Percentage earned on the total investment" increased from 8.55 per cent in 1922 to 11.62 per cent in 1928.

Seventh. An investment of \$1,000 in Allied Chemical common in 1922 was worth on September 12, 1929, at current prices on the New York Stock Exchange, \$4,606. This means that the investor would have an appreciation of 360 per cent in market prices in addition to the liberal dividends paid throughout this period.

I ask that extracts from the income account and balance sheets of E. I. du Pont de Nemours & Co. be inserted in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The extracts are as follows:

E. I. du Pont de Nemours & Co.

COMPARATIVE CONSOLIDATED INCOME ACCOUNT, YEARS ENDED DECEMBER 31

Item	1928	1927	1926	1925	1924	1923	1922
1. Net sales	Not stated.	Not stated.	Not stated.	Not stated.	\$90,861,633	\$94,069,319	\$71,956,448
2. Income from operations	\$22,873,189	\$16,577,695	\$14,803,724	\$13,413,194			
3. Income from General Motors stock	\$7,929,328	\$8,941,598	\$3,621,947	\$9,296,705			
4. Income from miscellaneous securities	5,850,522	1,623,404	4,889,900	2,668,536			
5. Net income	66,653,039	47,142,697	43,315,571	25,378,435	18,660,468	21,134,656	12,920,458
6. Profit on real estate, etc.					111,197	3,425	833,294
7. Total income	66,653,039	47,142,697	43,315,571	25,378,435	18,771,665	21,138,081	13,254,692
8. Fixed charges	84,342	86,984	89,395	824,980	1,740,178	2,825,577	
9. Federal taxes	2,470,899	1,107,881	1,256,602	619,498			
10. Balance	64,097,798	45,947,832	41,969,574	24,033,958	17,031,487	18,312,504	9,991,117
11. Du Pont portion thereof	64,097,798	45,947,832	41,969,574	24,033,958	15,947,424	17,346,221	9,445,751
12. Debenture dividends	5,304,559	4,833,864	4,770,410	4,105,331	4,104,868	4,104,770	4,103,432
13. Common dividends	49,655,669	35,990,662	33,267,062	11,404,430	7,603,540	6,177,273	5,068,878
14. Surplus	9,077,570	5,183,306	3,932,102	8,524,197	4,239,016	7,064,178	273,441
15. Earned per share debenture stock	69.06	57.03	52.51	35.12	23.31	25.35	13.81
16. Earned per share common stock	21.96	15.45	13.98	14.97	12.46	13.93	5.62
16a. Earned per share common stock on basis of 1922 stock ¹	61.48	43.26	39.14	20.95	12.46	13.93	5.62

EXTRACTS FROM COMPARATIVE CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31

ASSETS							
17. Plant and properties	\$133,101,540	\$80,070,099	\$78,218,545	\$75,669,966	\$121,797,661	\$111,984,792	\$105,364,335
18. Depreciation	44,128,789	29,470,316	26,910,284	20,433,262	23,052,761	17,524,084	12,844,517
19. Property account after depreciation	88,972,751	50,599,783	51,308,261	55,236,704	98,744,900	94,460,708	
20. Inventory	33,627,338	23,224,516	23,305,505	25,032,678	26,116,396	26,838,520	25,114,280
21. Investment devoted to chemical operations	122,600,089	73,824,299	74,613,766	80,269,382	124,861,296	121,299,228	143,323,132
22. Investment in General Motors	196,024,959	175,727,738	145,459,122	149,657,540	89,420,307	93,883,621	89,468,269
TOTAL INVESTMENT							
23. Debenture stock	92,511,283	80,564,398	79,926,883	78,429,763	68,416,163	68,415,780	68,411,280
24. Common stock	196,773,500	133,082,900	133,082,900	133,082,900	95,060,900	95,060,900	95,060,900
25. Bonded stock	1,624,300	1,668,500	1,711,500	2,441,500	20,607,500	30,926,500	33,576,500
26. Profit and loss (surplus)	105,710,319	97,785,243	66,417,566	62,669,541	55,881,491	54,642,476	37,652,210
27. Total investment	396,919,402	213,101,041	281,138,849	276,623,644	239,966,054	249,045,656	234,700,890
28. Price range, common	503-310	343½-168	181¼-157	271¼-134¼	142-112	148¼-106¼	169¼-105
29. Percentage earned of capital devoted to chemical operations, February, 1921	18.66	22.45	19.83	16.71	14.95	17.42	9.01
30. Percentage earned on total investment, October, 1927	16.14	21.56	14.93	8.69	7.10	7.35	4.26

¹Earnings on common stock in 1928 are 993 per cent larger than in 1922, and common dividends in 1928 are 880 per cent larger than in 1922.

If \$1,000 was invested in Du Pont common in 1922 at the highest price for the year, \$169¼ per share, it would have bought about 6 shares. In December, 1922, a stock dividend of 50 per cent was declared increasing these holdings to 9 shares. A 40 per cent stock dividend was paid in August, 1925, thereby increasing the shares held to 12½ shares. (See Moody's Manual, 1928, p. 448.) In 1926 these shares were exchanged on the basis of 2 new for 1 old, making the total held on this basis 25.2 shares. In January, 1929, these shares were exchanged on the basis of 3½ new for 1 old. (See Moody's Manual, 1929, p. 785.) This would make the total shares of new stock held now 87.6 shares. On Sept. 12, 1929, these new shares sold on the New York Stock Exchange for \$212 per share. The 87.6 shares would therefore be worth on the market \$18,571.20. This would mean a profit of 1,757 per cent on the investment in addition to enormous cash dividends. Hence an investment of \$1,000 in Du Pont common in 1922 would yield a profit in the market of 1,860 per cent in 1928, in addition to the dividends received throughout this period.

Mr. LA FOLLETTE. First. The total income of Du Pont increased from \$13,000,000 in 1922 to \$66,000,000 in 1928. The income from operations increased from \$12,000,000 in 1922 to \$22,000,000 in 1928. A large portion of the increase in Du Pont's net income, as is well known, is due to the dividends received on General Motors stock. There is no distinction shown between dividends from General Motors and other income prior to the year 1925, when \$9,000,000 was received. This increased steadily to \$37,000,000 in 1928. That is, the \$37,000,000 was the income derived by the Du Pont Co. from its holdings in General Motors in 1928. A very significant portion, therefore, of Du Pont's prosperity is due to its investment in General Motors. However, it should be noted that this corporation is making a very handsome profit from its chemical operations.

Second. "Common dividends" of Du Pont's increased from \$5,000,000 in 1922 to \$49,000,000 in 1928. These dividends were, therefore, 880 per cent larger in 1928 than in 1922.

Third. Owing to several stock split ups and stock dividends, it is necessary to examine the item "earned per share on common stock" very closely. In 1922 Du Pont common earned \$5.62 per share. In 1928 Du Pont common earned \$61.48 per share of common stock on the basis of the 1922 stock. Earnings on the stock in 1928 were, therefore, 993 per cent larger than in 1922.

Fourth. The "total investment" of Du Pont's increased from \$234,000,000 in 1922 to \$396,000,000 in 1928. The "investment devoted to chemical operations" decreased from \$143,000,000 in 1922 to \$122,000,000 in 1928. As there are some sudden changes in the balance sheet, notably in 1925 and 1928, in the case of the "property accounts," I do not know how representative these figures actually are. The investment in General Motors is carried in varying amounts at different times, and it is not clear whether it has been marked up or whether it represents varying amounts of stock held. Since, however, Du Pont owns about 22 per cent of all of the General Motors common, it is likely

that this investment is undervalued on the basis of present market prices, although it should be added, in fairness, that present market prices are probably not an adequate index of what could actually be realized out of this stock if a concern like Du Pont's should care to liquidate it.

Fifth. By taking the ratio of "income from operations" to "investment devoted to chemical operations" we find that the percentage earned on the capital devoted to chemical operations has increased from 9.01 per cent in 1922 to 18.6 per cent in 1928.

Sixth. By taking the ratio of "total income" to "total investment," we find that the percentage earned on total investment increased from 4.26 per cent in 1922 to 16.14 per cent in 1928.

Seventh. One thousand dollars invested in Du Pont's common in 1922 would bring, at the market prices prevailing September 12, 1929, \$18,571.20. This means a net profit of 1,757 per cent on the original investment in addition to a very liberal cash dividend received throughout the entire period.

While I have not made a detailed study of all of the many other corporations in the chemical industry, I call attention to the fact that the Standard Statistics Co. made a study of 14 corporations in the chemical industry and found that in 1926 these 14 corporations earned an average of 12.34 per cent and in 1927, 12.68 per cent on their invested capital. This shows that the chemical industry in general is in a rather prosperous condition. (Sloan in Corporation Profits, p. 142.)

If, as has been contended by some Senators, the purpose of the increased duties was to protect labor, and if, in pursuance of that argument, it is contended that labor is being underpaid in the chemical industries, it is certainly time to face the fact that the chemical industry is exacting great enough profits to permit it to pay its labor adequate wages.

As I pointed out, in perhaps no other industry in America is labor cost as relatively a small proportion of the total cost as it is in the chemical industry.

It appears, moreover, that any increase in prices which this industry can exact from the other industries, notably the automobile industry, to which it sells many of its products—which cost in turn will ultimately be reflected on the consumer, the increased prices will most likely result not in higher wages but in greater profits.

If concerns which have increased their profits from 100 to 1,000 per cent during the period of the existing tariff are unable or unwilling to pay decent wages, it is evident that they will never do so and that their claims to an additional tariff for the purpose of compensating their labor is a fake and a sham.

It has, of course, been contended by those who defend the outrageous rates contained in the chemical schedule that these rates were granted, not because a corporation as a whole or an industry as a whole was either prosperous or depressed but whether or not these concerns were getting an adequate price on particular products. Hence it is argued that, although these chemical concerns are all extremely profitable as a whole, on particular products, such as ammonium carbonate and bicarbonate, and compounds of pyroxylin, they are not getting an adequate return. I do not know whether this argument has been made seriously or whether those making it have misspoken themselves.

While this defense has been made of the schedules, I can not find in the record any proof which shows adequately on what particular product the chemical concerns like Du Pont and others are making exorbitant profits and on what products they are operating at a loss.

Many products are joint-cost products and if concerns like Du Pont, Allied Chemical, and Union Carbide, who are to be the chief beneficiaries of the chemical schedule, are in need of additional protection on particular compounds, they have failed to present—and the committee which is responsible for these exorbitant rates has failed to demand that they present any detailed cost accounting study of their entire industry. I assume that the reason that such a study was not presented was because it would be difficult to show how these companies could be losing money on all of the products on which the Finance Committee has increased the rates—and still end each year with enormous profits.

By what sort of legerdemain is it possible to continue to lose money on one product after the other and yet continue to pay larger dividends year after year? It is quite obvious, therefore, both from these considerations and others advanced that the increased rates granted in the chemical schedule are not the result either of a depression in the chemical industries nor of a detailed study of the individual commodities in that industry made by the Finance Committee or the Ways and Means Committee. They will not insure adequate wages in the chemical industry, but will increase the already enormous profit to those people who own the common stock of the leading chemical corporations.

I would like particularly to call attention to the fact that all of the increased profits which will be made, if these increased rates are enacted into law, will go not to all of the investors in the industries but will merely inflate the already enormous earnings of the common stock. The rates paid on preferred stock, bonds, and debenture stocks are fixed. Hence any increase in the total earnings increases the earnings on the common stock. I have demonstrated that these earnings are extremely large.

Considered from almost any point of view and using methods of analysis most favorable to the corporations in the chemical industries, there is little or no justification whatever for the increases in the chemical rates.

Mr. President, I have not attempted in this discussion to refer to more than the classification of some of the reductions which have been made by the Finance Committee and I have not listed the commodities which have been reduced. I propose to take up that subject when we come to discuss the bill paragraph by paragraph. What I have attempted to demonstrate this afternoon is, first, that the chemical industry is dominated by three of the most powerful organizations in the financial world—the Allied Chemical & Dye Corporation, the E. I. du Pont de Nemours Co., and the Union Carbide & Carbon Corporation.

Mr. President, if reference shall be made to the exhibit which I shall incorporate with my remarks, it will be found that there are a vast number of subsidiary corporations now owned by these giants in the industrial field.

As I have pointed out, there are numbers of increases granted either by the Ways and Means Committee, by the Senate Finance Committee, or by presidential proclamation over the law of 1922 on chemicals which are manufactured by "the Big Three" of the chemical industry. It will not suffice to say that there appeared before the committee some manufacturer using obsolete methods or a high-cost producer pleading for an increase upon these particular commodities. We must view these industrial schedules from the point of view of the dominating concerns which manufacture the bulk of the products and which fix the price. Are Senators ready to go home to their constituents and say that in response to the call for an extra session of Congress to readjust tariff rates in the interest of the American farmer they have granted increased tariff rates to the enormously profitable corporations which benefit by the chemical schedule? If they are, Mr. President, they must prepare to defend themselves. Senators who stand upon the floor of the Senate to defend these increases and who cast their votes in favor of these increases over the rates in the Fordney-McCumber law, which are to benefit these great industrial corporations will have to meet that issue in the next campaign.

In 1909 tariff revision resulted in a split in the Republican Party. I say to the sponsors of the pending bill that the farmers of the United States are in earnest. They are watching the action of this Congress. They have a right to watch it. It was called to benefit agriculture, to readjust the tariff rates, and, in so far as that readjustment could do so, to accomplish the elevation of agriculture to a parity with industry.

The representatives of entrenched industry in the East have defeated or have secured the defeat of every proposition proposed in the interest of agriculture, which attempted to make the tariff effective upon exportable farm products. They have not offered any alternative; they have said to the farmer, "The job for you, my 'friend,' is to lift yourself out of the hole that you are in by taking a good hold and pulling on your boot straps." The farmer has swallowed that suggestion for the last time.

If the framers of this legislation proceed to put this tariff bill through in the form in which it is written, giving additional bounties to the manufacturing concerns of the East, I say to them, Mr. President, that it will be an issue in the campaign of 1932 and it will be an issue in the campaign of 1934.

The same complacent, self-righteous attitude on the part of those who dominated the Senate when the country was betrayed by the Republican Party in 1909 is taken by Senators coming from those Eastern States to-day, but I ask them, before they decide upon what shall be their final action on the pending bill, to turn back the pages of history and to remember what happened to the Republican Party that betrayed its pledge to reduce the tariff in 1909, as they are now setting out to betray the pledge made to the farmers in the campaign of 1928 and in the calling of the present extra session of Congress.

EXHIBIT A

UNION CARBIDE & CARBON CORPORATION

[Moody's Manual of Investments, 1929, Industrial Securities, p. 1127]

History: Incorporated November 1, 1917, in New York to manufacture and deal in calcium carbide and all gas-producing materials and gas,

especially acetylene gas, and all machinery relating thereto; also to produce and sell metallurgical and chemical substances and compounds, etc., coal, coke, oil, lumber, etc.; iron, steel, silicon, chromium, molybdenum, vanadium, titanium, tungsten, manganese, calcium, carbon, copper, aluminum, nickel and other elementary substances, and any and all alloys, compounds, etc.; also to manufacture and deal in electrical batteries, starters, radio sets, lamps, machinery, and other electrical appliances; oxygen, hydrogen, nitrogen, and other gases separated from air or other substances. Company acquired Michigan ox-Hydric Co. and Memphis Oxygen Co. in 1928 and Compressed Gas Corporation in February, 1929. The corporation owns directly or indirectly substantially all the common capital stock of the following companies:

American Eveready Co., Acheson Graphite Corporation (see appended statements), American Carbollite Co. (Inc.), Beacon Electric Corporation, Canadian National Carbon Co. (Ltd.), Carbide & Carbon Chemicals Corporation (Ltd.) (see appended statements), Electro Metallurgical Co. of Canada, Electro Metallurgical Sales Corporation, Haynes Stellite Co., the Linde Air Products Co. (see appended statements), the Linde Air Products Co. of Texas, Kemet Laboratories Co. (Inc.), Linde Air Products Co. (Pacific coast), Carbide & Carbon Realty Co. (Inc.), Clendenin Gasoline Co., J. B. Colt Co., Michigan Northern Power Co. (see appended statements), National Carbon Co. (Inc.) (see appended statements), Oxweld Acetylene Co. (see appended statements), Oxweld R. R. Service Co., the Prest-O-Lite Co. (Inc.) (see appended statements), Prest-O-Lite Co. of Canada (Ltd.), Sauda Falls Co. (Ltd.) (see appended statements), Dominion Oxygen Co. (Ltd.), Electric Furnace Products Co. (Ltd.), Electro Metallurgical Co. (see appended statements), Union Carbide Co. (see appended statements), Union Carbide Sales Co., Union Carbide & Carbon Research Laboratories (Inc.), United States Vanadium Corporation, Union National Homes (Inc.).

CARBIDE & CARBON CHEMICALS CORPORATION

(Controlled by Union Carbide & Carbon Corporation)

History: Incorporated in New York October 8, 1920, to manufacture, etc., natural gas, gasoline, naphtha and by-products; hydrocarbon and other carbon substances; organic and inorganic chemical and electrochemical substances; and metallurgical and electro-metallurgical substances; including compounds, mixtures, and derivatives of foregoing, etc. Among the many products manufactured by the company are Eveready Prestone, antifreeze for automobile radiators, and Pyrofax, liquefied petroleum gas for domestic purposes. Plants are located at South Charleston, W. Va., and Clendenin and Carbide, W. Va.

ACHESON GRAPHITE CORPORATION

(Controlled by Union Carbide & Carbon Corporation)

History: Incorporated in New Jersey, May 1, 1901, as International Acheson Graphite Co.; name changed to Acheson Graphite Co., in March, 1916; reincorporated in New York March 8, 1928, and name changed to present title. In June, 1900, the plant and assets of the Acheson Graphite Co., of Niagara Falls, N. Y., were acquired. Also operates plants at Buffalo, N. Y., and Niagara Falls, Ontario, Canada. Principal products are graphitized electrodes and other graphite products.

AKTIESELSKABET SAUDEFALDENE (SAUDA FALLS CO. (LTD.))

(Controlled by Union Carbide & Carbon Corporation)

History: Incorporated under Norwegian laws October 21, 1913, to develop water-power resources of the Storelven (Great River) in the district of Rogaland, Norway, for which it holds concessions from the Norwegian Government extending to 1979. This concession includes potential power resources of about 130,000 horsepower, of which 47,000 horsepower is already developed in the two plants of the company. Of the developed power, 42,000 horsepower is sold under contract to the Electric Furnace Products Co. (Ltd.), a subsidiary of the Union Carbide & Carbon Corporation, this company being engaged in the manufacture of ferromanganese. The balance of the developed power is sold to the town of Haugesund (17,014 inhabitants) and other neighboring towns. The Electric Furnace Products Co. (Ltd.) has contracted to purchase another 42,000 horsepower as soon as available. In 1925 a committee, appointed by the Royal Department of Finance and Customs of the Kingdom of Norway, appraised properties of the company, including power installations, at a value in excess of \$7,700,000.

ELECTRO METALLURGICAL CO.

(Controlled by Union Carbide & Carbon Corporation)

History: Incorporated in West Virginia August 29, 1906. Manufactures ferro-alloys and electrometallurgical products. Plants located at Niagara Falls, N. Y., Glen Ferris, W. Va., and Holcomb Rock, W. Va.

THE LINDE AIR PRODUCTS CO.

(Controlled by Union Carbide & Carbon Corporation)

History: Incorporated under the laws of Ohio January 24, 1907. Manufacturers of oxygen and other products for welding, cutting, etc. Plants are located at Brooklyn, Buffalo, Utica, and Niagara Falls, N. Y.; East Chicago and Indianapolis, Ind.; Elizabeth, N. J.; Milwaukee, Wis.; Trafford, Allentown, Harrisburg, Pittsburgh, and Philadelphia, Pa.; Oakland and Los Angeles, Calif.; Detroit and Grand

Rapids, Mich.; Akron, Canton, Cleveland, Cincinnati, Columbus, Youngstown, and Toledo, Ohio; Worcester and Boston, Mass.; North Kansas City and St. Louis, Mo.; Atlanta and Savannah, Ga.; Baltimore, Md.; Birmingham, Ala.; Chicago and Granite City, Ill.; Minneapolis and Duluth, Minn.; Norfolk and Roanoke, Va.; Seattle, Wash.; Dallas, Amarillo, San Antonio, and Houston, Tex.; Denver, Colo.; New Orleans and Shreveport, La.; Omaha, Nebr.; Salt Lake City, Utah; Tulsa, Okla.; Phoenix, Ariz.; Tampa, Fla.; Wichita, Kans.; Casper, Wyo.; Memphis, Tenn.; South Charleston, W. Va.

NATIONAL CARBON CO. (INC.)

(Controlled by Union Carbide & Carbon Corporation)

History: Incorporated under laws of New York January 15, 1917, as successor to a New Jersey corporation of the same name incorporated in 1899. Company has three factories at Cleveland and one each at Fostoria, Fremont, Ohio; East St. Louis, Ill.; Long Island City, N. Y.; New York City (used as an office building); Niagara Falls, N. Y.; San Francisco, Calif.; Clarksburg, W. Va.; Jersey City, N. J. (used as a warehouse); and Port Richmond, Pa. Following products are marketed: Radio B batteries, radio A batteries, standard dry batteries, wet batteries, lighting carbons, carbon brushes, carbon electrodes, carbon specialties, automobile and flash-light electric bulbs, flash lights, and flash-light batteries. In February, 1913, property and business of American Eveready Co. of New York and San Francisco were purchased, transfer taking effect as of January 1, 1914, and plants have since been operated as branches of National Carbon Co. In April, 1926, acquired Red Seal battery business of Manhattan Electrical Supply Co., including plants at Jersey City, N. J., and Ravenna, Ohio, and purchased plant and business of Corliss Carbon Co., of Bradford, Pa., makers of carbon industrial brushes and other products.

OXWELD ACETYLENE CO.

(Controlled by Union Carbide & Carbon Corporation)

History: Incorporated in January, 1912, in West Virginia. Plants at Chicago, Ill., and Newark, N. J., and Los Angeles, Calif., are engaged in manufacturing oxy-acetylene apparatus for welding and cutting of metals and acetylene lighting and cooking plants for country houses.

THE PREST-O-LITE CO. (INC.)

(Controlled by Union Carbide & Carbon Corporation)

History: Incorporated in 1913 in New York and acquired assets of Indiana company of same name. Manufactures acetylene and portable tanks and acetylene apparatus. Plants located at Birmingham, Ala.; Los Angeles, and San Francisco, Calif.; Denver, Colo.; Atlanta, Ga.; Hammond and Indianapolis, Ind.; Davenport and Des Moines, Iowa; New Orleans, La.; Baltimore and Elkton, Md.; Cambridge and Indian Orchard, Mass.; Detroit, Mich.; Duluth and St. Louis Park, Minn.; North Kansas City and St. Louis, Mo.; Omaha, Nebr.; Buffalo, N. Y.; Newark, N. J.; Cincinnati, Cleveland, and Columbus, Ohio; Pittsburgh, Allentown, and Harrisburg, Pa.; Dallas, Tex.; Salt Lake City, Utah; Richmond, Va.; Seattle, Wash.; South Charleston, W. Va.; Milwaukee, Wis.; Tulsa, Okla. In April, 1927, storage-battery business was sold to Prest-O-Lite Storage Battery Corporation, which has leased that part of Indianapolis plant formerly used for manufacture of storage batteries.

UNION CARBIDE CO.

(Controlled by Union Carbide & Carbon Corporation)

History: Incorporated in 1898 in Virginia for the purpose, among other things, of manufacturing, purchasing, using, and selling throughout the United States and elsewhere calcium carbide and all gas-producing materials and gas, especially acetylene gas, and all machinery, apparatus, and fixtures for any purposes relating in any manner to the production and use of calcium carbide and acetylene or other gas; also to manufacture, produce, buy and sell, or otherwise deal or traffic in any or all metallurgical, electrometallurgical, chemical, and electrochemical products and compounds, including any and all elementary substances and any and all alloys and compounds thereof; also coal, coke, gas, oil, lumber, etc. Works are located at Niagara Falls, N. Y., and Sault Ste. Marie, Mich.

MICHIGAN NORTHERN POWER CO.

(Controlled by Union Carbide Co.)

History: Incorporated under Michigan laws August 4, 1913, to acquire the properties of the Michigan Lake Superior Power Co., sold under foreclosure August 26, 1913. Property consists of real estate comprising several hundred acres located in the city of Sault Ste. Marie, with water frontage of over 2 miles along the St. Marys River. The water-power development consists of a canal a little over 2 miles long, 200 feet wide, and 20 feet deep. Power house is capable of developing 40,000 horsepower of electrical energy.

ALLIED CHEMICAL & DYE CORPORATION

History: Incorporated December 17, 1920, in New York, and acquired all the capital stock of the General Chemical Co., the Solvay Process Co., Semet-Solvay Co., the Barrett Co., and National Aniline & Chemical Co. (Inc.), pursuant to a plan and agreement dated September 9, 1920. The constituent companies are described below:

Aldco Corporation: Incorporated in Delaware July 11, 1928, to acquire and hold certain of the security holdings of Allied Chemical & Dye Corporation. Authorized capital, \$30,000,000 preferred stock and 200,000 shares no-par common stock.

Atmospheric Nitrogen Corporation: Incorporated December 12, 1919, in New York. Operates plant at Syracuse, N. Y., for manufacture of nitrogen-fixation products. In 1928 company completed plant at Hopewell, Va., for the fixation of nitrogen and the manufacture of nitrogen compounds.

General Chemical Co.: Incorporated February 15, 1899, in New York. Produces, manufactures, and sells acids and other chemicals, owning about 16 plants throughout the United States.

Solvay Process Co.: Incorporated September 28, 1881, in New York. Manufacturers of alkalies and soda products, operating plants at Syracuse, N. Y., Detroit, Mich., and Hutchinson, Kans.

Semet-Solvay Co.: Incorporated in New York January 31, 1916. Manufacturers of coke and its by-products; operating plants throughout the United States. Company controls Ashland By-Products Coke Co. with plant at Ashland, Ky. Latter in turn controls Ironton By-Products Coke Co. with plant at Ironton, Ohio. Company controls Semet-Solvay Engineering Corporation, organized in January, 1927, and engaged in designing and building modern coke and gas plants and equipment, which in turn controls Steere Engineering Co.

Barrett Co.: Incorporated February 6, 1903, in New Jersey. Manufactures and sells coal-tar products, owning about 32 plants throughout the United States and Canada.

National Aniline & Chemical Co. (Inc.): Incorporated May 26, 1917, in New York. Manufactures and sells dyestuffs, owning plants at Buffalo, N. Y., and Marcus Hook, Pa.

E. I. DU PONT DE NEMOURS & CO.

[Moody's Manual of Investments—Industrial Securities, 1929, p. 781]

History: Incorporated under the laws of Delaware in 1915, and on October 1 took over the entire properties of the New Jersey corporation known as E. I. du Pont de Nemours Powder Co., incorporated May 19, 1903, in New Jersey, to consolidate the various explosive manufacturing controlled by E. I. du Pont de Nemours & Co. This latter company and its predecessor, a partnership of like name, had been engaged in the manufacture and sale of explosives for over 100 years, having started in business in the year 1802. Acquired General Explosives Co. in August, 1924. Company and subsidiaries operate plants throughout the country for the manufacture of explosives, cellulose products, pyralin, paint, rayon, dyestuffs, ethyl alcohol, and cellophane, latter being a transparent sheet material used extensively for wrapping and other purposes. In December, 1927, acquired business of Excelsior Powder Manufacturing Co., and in March, 1928, purchased the minority interest in Du Pont National Ammonia Co. (Inc.), and also acquired stockholdings of the same group in Lazote (Inc.). After this purchase the Du Pont National Ammonia Co. was dissolved. In November, 1928, Du Pont Co. acquired entire assets and business of Grasselli Chemical Co. of Ohio in exchange for 149,392 Du Pont common shares, which were distributed to Grasselli stockholders on basis of one-fifth share of Du Pont for each Grasselli common share. The explosive business of Grasselli Chemical was merged with the Du Pont explosives department; the Canadian plant and business was transferred to Canadian Industries (Ltd.), and the remaining business, together with the acids and heavy chemical business of Du Pont, was transferred to a new company, Grasselli Chemical Co. of Delaware. Number of employees as of December 31, 1929: Parent company, 16,000; subsidiaries, 17,000; total, 33,000.

Plan of reincorporation: The details and method of changing to the new company is explained in detail below. The new corporation purchased all the assets and assumed all the liabilities of the old company and paid therefor the sum of \$120,000,000 as follows: (1) \$1,484,100 in cash; (2) \$59,661,700 in debenture stock at par; (3) \$58,854,200 in common stock at par. Upon the consummation of said sale and when the company had received the new stock an offer was made to purchase the outstanding bonds and preferred stock of the company. On the approval of more than two-thirds of the stockholders the board on September 8, 1915, adopted the financial plan which went into effect October 1, 1915. Since that time the 5 per cent bonds have been retired. On June 25, 1926, the old company was dissolved and the 4½ per cent bonds were retired at 110, preferred at par, and remaining assets were distributed to common-stock holders.

Investment in General Motors: In January, 1918, the Du Pont American Industries (Inc.) was organized for the purpose of holding a portion of General Motors Corporation stock as well as certain other securities which had been acquired. In November, 1920, arrangements were made to take over an additional amount of General Motors common stock held by W. C. Durant, president of that company at the time. Negotiations were conducted through the Du Pont American Industries (Inc.), and resulted in the formation of the Du Pont Securities Co., incorporated under the laws of Delaware with a capital of \$7,000,000 8 per cent preferred and 100,000 shares of no par common. The Securities Co. also sold an issue of \$20,000,000 one year 8 per cent collateral trust bonds to bankers secured by pledge of 4,000,000 shares of General Motors stock. In May, 1921, all the assets of the

Du Pont American Industries (Inc.), except an equity of General Motors Corporation common stock were transferred to the parent company or to other subsidiaries entirely owned by the parent company. The Managers Securities Co., formed by the General Motors Corporation in 1923, purchased a 30 per cent interest in the General Motors Securities Co. (previously called Du Pont American Industries (Inc.)) for \$4,950,000 in cash and \$28,800,000 in 7 per cent cumulative preferred stock of the Managers Securities Co. Entire issue of such preferred stock has since been retired. General Motors Corporation purchased the entire common stock of the Managers Securities Co. for resale to managing executives. As of December 31, 1928 (giving effect to capital changes of General Motors Corporation, which in December, 1928, increased its authorized common stock from 30,000,000 \$25 par shares to 75,000,000 \$10 par shares and exchanged, beginning January 7, 1929, 2½ new \$10 par shares for each old \$25 par share) Du Pont Co. owned directly 137,470 common shares of General Motors Corporation, and had 70 per cent interest (9,843,750 shares) in 14,062,500 shares held by General Motors Securities Co., aggregating 9,981,220 shares, or 22.94 per cent of entire General Motors Corporation \$10 par common.

Subsidiaries: Companies in which E. I. du Pont de Nemours & Co. is directly or indirectly interested; also extent of ownership in voting common stock:

	Per cent
American Nitrogen Co. ¹	100
Associated Securities of Canada (Ltd.) ¹	100
Canadian Industries (Ltd.) ²	44.14
Compania Mexicana de Explosivos ³	50
Compania Sud-Americana de Explosivos ³	42.43
Du Pont Building Corporation ¹	100
The Playhouse Co. ¹	100
E. I. du Pont de Nemours & Co. of Pennsylvania ¹	100
Du Pont Engineering Co. ¹	100
National Ammonia Co. (Inc.) ¹	100
Lazote (Inc.) ²	89.21
Grasselli Chemical Co. (Delaware) ¹	100
Pacific Nitrogen Corporation ¹	100
Pacific Ammonia & Chemical Co. ¹	100
Du Pont-Pathé Film Manufacturing Co. ²	51
Du Pont Securities Co. ¹	100
Du Pont Cellophane Co. ²	52
Du Pont Rayon Co. ²	60
Du Pont Viscoid ¹	100
Celastec Corporation ²	50
Pittsburgh Safety Glass Co. ²	50
Eastern Alcohol Corporation ²	50
Bayer-Semeson Co. (Inc.) ³	50
General Motors Securities Co. ³	70
Hotel du Pont Co. ¹	100
Nobel Chemical Finishes (England) (Ltd.) ³	49
Rokeby Realty Co. ¹	100
Leathercloth (Ltd.) (Australasia) ²	49
Societe Francaise Duco ²	35
Societe Francaise Fabrikoid, S. A. ²	25

American Nitrogen Co.: Inactive. Owns a process for fixation of nitrogen from air. Entire central stock owned by E. I. du Pont de Nemours & Co.

Associated Securities of Canada (Ltd.): A holding company for the parent company's interest—44.14 per cent—in Canadian Industries (Ltd.), manufacturers and distributors of explosives, paints, varnishes, fabrikoid, pyralin, acids, heavy chemicals, etc., throughout Canada and Newfoundland. Entire capital stock owned by E. I. du Pont de Nemours & Co.

Bayer-Semeson Co. (Inc.): Organized in 1928 jointly by E. I. du Pont de Nemours & Co. and Winthrop Chemical Co. (Inc.) to market the seed disinfectants manufactured and previously marketed by their associates and by Du Pont's dyestuffs department.

Compania Mexicana de Explosivos, S. A.: Incorporated under the laws of Mexico, August 1, 1925, to take over the Du Pont commercial explosives business in Mexico, and acquired the high-explosives plant at Dinamita, Durango, formerly owned by the Compania Nacional Mexicana de Dinamite y Explosivos, S. A., on 500 acres of land. The plant is also equipped for production of sulphuric acid and nitric acid, required in the manufacture of dynamite; capacity, 6,000,000 pounds per annum. Capital stock, \$500,000 (Mexican currency); par, 100 pesos. E. I. du Pont de Nemours & Co. owns 50 per cent of the stock.

Compania Sud-Americana de Explosivos: Organized in 1921 as the Compania de Explosivos de Chile for the purpose of building a high-explosive plant in Chile; name later changed as above. Plant located at Calama, Chile, was constructed by the Du Pont Engineering Co. and started production of explosives in October, 1923. E. I. du Pont de Nemours & Co. has a 42.43 per cent interest in the company.

Du Pont Building Corporation: Owns the Du Pont Building, Wilmington, Del., and entire capital stock of the Playhouse Co., which owns the theater adjoining. The Playhouse Co. has an authorized bond issue of \$120,000 first 5's, due May 1, 1938, of which \$50,000 are outstanding and guaranteed as to principal and interest by E. I. du Pont de Nemours & Co. Entire capital stock owned by E. I. du Pont de Nemours & Co.

¹ Included in consolidated balance sheet.

² Included in consolidated balance sheet at original cost plus equities accumulated since acquisition.

³ Carried on balance sheet as investments.

⁴ In February, 1929, Du Pont effected an arrangement under which it will acquire entire ownership of properties and business, which will hereafter be conducted by wholly owned subsidiaries of the company.

Du Pont Cellophane Co.: Manufactures a cellulose product known as "Cellophane," which is a transparent sheet material used extensively for wrapping and other purposes. Plant located at Buffalo, N. Y.; commenced production on a commercial scale in April, 1924. In March, 1929, company purchased business of Capes-Viscose (Inc.), manufacturers of cellulose caps for sealing bottles. Du Pont Securities Co., a subsidiary of E. I. du Pont de Nemours & Co., owns 52 per cent of the stock. In February, 1929, E. I. du Pont de Nemours effected arrangements for acquisition of entire business and properties of the company.

Du Pont (E. I.) de Nemours & Co. of Pennsylvania: Manufactures explosives. Entire capital stock owned by E. I. du Pont de Nemours & Co.

Du Pont Engineering Co.: Does construction work, owning and operating machine shops and foundries at Wilmington, Del. Entire capital stock owned by E. I. du Pont de Nemours & Co.

Du Pont-Pathé Film Manufacturing Corporation: Organized in October, 1924, in conjunction with Pathé Exchange (Inc.), of New York, and Pathé Cinema Société Anonyme, of Paris, France. Manufactures cinematograph film for sale to producers of motion pictures. Plant located on 34 acres at Parlin, N. J. Bonded debt consists of \$1,200,000 authorized gold 7's, due February 1, 1939; outstanding, \$1,000,000. Capital stock: Authorized and issued 8 per cent preferred, \$1,200,000 (\$100 par); common, 10,000 shares (no par). In addition, 5,000 \$10 par founders' shares held in treasury. E. I. du Pont de Nemours & Co. owns entire outstanding bonds and preferred stock and 51 per cent of the voting common stock.

Du Pont Rayon Co. (formerly Du Pont Fibersilk Co.): Plants located at Buffalo, N. Y., and Nashville, Tenn., where it manufactures and distributes rayon or artificial fiber silk. Two additional plants under construction at Richmond and Waynesboro, Va., will be in operation in summer of 1929. Du Pont Security Co., a subsidiary of E. I. du Pont de Nemours & Co., owns 60 per cent of the stock. In February, 1929, E. I. du Pont de Nemours & Co. effected arrangements for acquisition of entire business and properties of the company.

Du Pont Viscoloid Co.: Incorporated May 1, 1925, under the laws of Delaware in conjunction with the Viscoloid Co. (Inc.). Acquired the plants and pyralin business of E. I. du Pont de Nemours & Co., located at Arlington, N. J., and Norwich, Conn., and the plant and business of the Viscoloid Co. (Inc.), located at Leominster, Mass. Owns 50 per cent of stock of Celastic Corporation. Manufactures and distributes pyroxilin, plastics, sheets, rods, and tubes, and articles manufactured from that material. E. I. du Pont de Nemours & Co. owns entire capital stock.

Eastern Alcohol Corporation: Organized in 1925, for the construction of a large modern plant at Deep Water Point, N. J., and on the Delaware River for the manufacture of ethyl alcohol from molasses received from the West Indies. In 1928 completed plant for manufacture of glycerin by fermentation of molasses. Corporation is owned jointly by E. I. du Pont de Nemours & Co. and the Kentucky Alcohol Corporation, a subsidiary of the National Distillers Products Corporation. Du Pont consumes about 60 per cent of output, balance is sold to Kentucky Alcohol Corporation.

General Motors Securities Co.: Holding company owning 14,062,500 \$10 par shares of General Motors Corporation common stock. For further details see above under "Investment in General Motors." E. I. du Pont de Nemours & Co. (Inc.), has a 70 per cent interest in the stock of General Motors Securities Co.

Grasselli Chemical Co.: Incorporated in Delaware, November 20, 1928, to take over the acid and heavy chemical business of former Grasselli Chemical Co. (Ohio), constituting the bulk of latter's activities acquired by Du Pont in November, 1928, together with that formerly conducted by Du Pont, including plants in Pennsylvania and New Jersey. Company also manufactures lithopone and other pigments, zinc and zinc products. Entire capital is owned by E. I. du Pont de Nemours & Co.

Hotel du Pont Co.: Controls the Du Pont-Biltmore Hotel which occupies a portion of the Du Pont Building, Wilmington, Del. Hotel is operated by the Bowman-Biltmore Hotels Corporation.

Lazote (Inc.): Organized in August, 1924, for the manufacture and sale of synthetic ammonia under the Claude patents. Also manufactures synthetic methanol, which is chemically the same as wood alcohol. It is used in manufacture of dyestuffs, pyroxylin products, etc. Plant located on 54 acres of real estate at Charleston, W. Va. Capital stock: Outstanding, \$14,415,000; par \$100. E. I. du Pont de Nemours & Co. owns 89.21 per cent of the stock.

Leathercloth (Ltd.) (formerly Nobel Chemical Finishes (Australasia) (Ltd.): Manufactures and sells fabrikoid and rubber-coated goods in Australia. E. I. du Pont de Nemours & Co. owns 49 per cent of the stock.

Pacific Nitrogen Corporation: Operates a plant near Seattle, Wash., for the fixation of nitrogen in form of ammonia.

Pittsburg Safety Glass Co.: Manufactures duplate, a nonshatterable glass. Owned jointly by Pittsburg Plate Glass Co. and E. I. du Pont de Nemours & Co.

Nobel Chemical Finishes (England) (Ltd.): Manufactures and sells the entire Du Pont line of pyroxylin finishes in the British Empire,

exclusive of Canada and Newfoundland. E. I. du Pont de Nemours & Co. owns 49 per cent of the stock.

Rokeby Realty Co.: A real-estate holding company. Entire capital stock owned by E. I. du Pont de Nemours & Co.

Societe Francaise Duco: Manufactures and sells the entire Du Pont line of Pyroxylin finishes in France and its colonies. E. I. du Pont de Nemours & Co. owns 35 per cent of the stock and has equity of 49 per cent in earnings.

Societe Francaise Fabrikoid S. A.: Manufactures and sells pyroxylin and rubber-coated products in France, Algeria, Tunisia, and Morocco. E. I. du Pont de Nemours & Co. owns 9.8 per cent of the stock and had equity of 25 per cent in earnings.

Plants and products: Location of plants, together with products manufactured, follows:

Dye works: Deepwater Point, N. J.

Smokeless powder: Carneys Point, N. J.

Explosives: Du Pont, Wash.; Burton, Ohio; Cameron, Pa.; Laurel Run, Pa.; Seneca, Ill.; Rushdale, Pa.; Ramsay, Mont.; Repauno, N. J.; Louviers, Colo.; Nemours, W. Va.; Fairchance, Pa.; Connable, Ala.; Moar, Iowa; Berlin, Pa.; Consumers, Pa.; Birmingham, Ala.; Ashburn, Mo.; Barksdale, Wis.; Carl Junction, Mo.

Fabrikoid: Newburgh, N. Y.

Rubber goods: Fairfield, Conn.

Pyralin products: Arlington, N. J.; Leominster, Mass.

Film: Parlin, N. J.

Rayon: Buffalo, N. Y.; Nashville, Tenn.

Explosives laboratory: Gibbstown, N. J.

Paints and varnishes: Philadelphia, Pa.; Everett, Mass.; Chicago, Ill.; Flint, Mich.

Experimental laboratory: Newbridge, Del.

Machine shop: Wilmington, Del.

Synthetic ammonia: Belle, W. Va.; Seattle, Wash.

Cellophane: Buffalo, N. Y.

Caps and fuses: Pompton Lakes, N. J.

Chemicals and lacquers: Parlin, N. J.

Wood pulp: Newhall, Me.

Shooks: Deering Junction, Me.

Alcohol: Deepwater Point, N. J.

Tetraethyl lead: Deepwater Point, N. J.

Fertilizers: Dothan, Ala.; Gadsden, Ala.

Acids, heavy chemicals, pigments, and colors: Beaver Falls, Pa.; Birmingham, Ala.; Canton, Ohio; Cleveland, Ohio; East Chicago, Ind.; Fortville, Ind.; Grasselli, N. J.; Lockland, Ohio; Meadowbrook, W. Va.; Newark, N. J.; New Castle, Ohio; Niles, Ohio; Paulsboro, N. J.; Philadelphia, Pa.; Repauno, N. J.; Terre Haute, Ind.; Toledo, Ohio; Weirton, W. Va.; Wurland, Ky.

Ammonia and ammonia products: Detroit, Mich.; Philadelphia, Pa.; Seattle, Wash.; St. Louis, Mo.

Mr. KEAN obtained the floor.

Mr. SMOOT. Mr. President—

The VICE PRESIDENT. Does the Senator from New Jersey yield to the Senator from Utah?

Mr. KEAN. I yield.

Mr. SMOOT. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Allen	Fess	Kean	Sheppard
Ashurst	Fletcher	Kendrick	Shortridge
Barkley	Frazier	Keyes	Simmons
Bingham	George	King	Smoot
Black	Gillett	La Follette	Steiner
Blaine	Glenn	McKellar	Stephens
Blease	Goff	McMaster	Swanson
Borah	Goldsborough	McNary	Thomas, Idaho
Bratton	Greene	Moses	Thomas, Okla.
Brock	Hale	Norbeck	Trammell
Brookhart	Harris	Norris	Tydings
Broussard	Harrison	Nye	Vandenberg
Capper	Hastings	Oddie	Wagner
Caraway	Hatfield	Overman	Walcott
Connally	Hawes	Patterson	Walsh, Mass.
Copeland	Hayden	Phipps	Walsh, Mont.
Coutins	Hebert	Pine	Warren
Cutting	Hedlin	Reed	Waterman
Dale	Howell	Robinson, Ark.	Watson
Dill	Johnson	Robinson, Ind.	
Edge	Jones	Schall	

The VICE PRESIDENT. Eighty-two Senators having answered to their names, a quorum is present.

Mr. KEAN. Mr. President, I wish to call the attention of the Senate to the American dye and chemical industry.

For many years prior to the World War the German chemical industry enjoyed a world-wide monopoly. Up to the outbreak of the war Germany practically supplied the needs of the world in that particular industry.

On May 20, 1919, the late President Wilson recognized that this industry should be given every necessary protection, so that it could be nurtured and built into an industry of commanding proportions, able to supply the needs of this country and suc-

cessfully compete with the German industry. In his message to Congress on that day he said:

Among the industries to which special consideration should be given is that of the manufacture of dyestuffs and related chemicals. Our complete dependence upon German supplies before the war made the interruption of trade a cause of exceptional economic disturbance. The close relation between the manufacturer of dyestuffs, on the one hand, and of explosives and poisonous gases, on the other, moreover, has given the industry an exceptional significance and value. Although the United States will gladly and unhesitatingly join in the program of international disarmament, it will, nevertheless, be a policy of obvious prudence to make certain of the successful maintenance of many strong and well-equipped chemical plants. The German chemical industry, with which we will be brought into competition, was and may well be again, a thoroughly knit monopoly capable of exercising a competition of peculiarly insidious and dangerous kind.

Again on December 2, 1919, did President Wilson refer in his message to the need of tariff legislation on dyestuffs and related chemicals, when he said:

In the matter of tariff legislation I beg to call your attention to the statements contained in my last message urging legislation with reference to the establishment of the chemical and dyestuffs industry in America.

He then repeated a portion of his recommendation, which I have quoted.

It will be thus seen that a Democratic President urged upon Congress at that time the need of proper tariff legislation, so that we might become independent and not rely upon Germany for these important necessities for medicine and for our industrial life and our country's Army and Navy.

What I want to do is to help the Germans in the United States and not the Germans in Germany.

It is estimated that \$100,000,000 is invested in the chemical industry in the United States, and by it 10,000 employees gain their livelihood. In 1927 the estimated value of finished products was \$61,000,000, and in 1928 the finished products reached a value of \$66,000,000. In addition to this the products of this industry enter into and are vital to the production of \$4,000,000,000 in medicine, textiles, rubber, paper, paint, leather, ink, and perfume.

This industry has made great progress during the past few years, and this is directly attributed to the protection given it by the tariff of 1922. To change this would not only mean to destroy this industry and make worthless the large investments, but it would throw thousands of American workmen out of work.

We can not close our eyes to the remarkable economic recovery Germany has made since 1924, and to the manner in which she is striving in every way to regain her old supremacy. Germany has made such rapid strides in this direction that to-day she is the second largest producer of chemicals, her manufacture of the commodity being 20 per cent of the world's output. This is a menace that can not very well be overlooked. Her export in chemicals has been expanded by about 20 per cent since 1926.

With this large expansion has been the like development of the German I. G. Farbenindustrie, the largest industrial corporation and the foremost chemical manufacturer in Germany, commonly known as the German Dye Trust. This I. G. Farbenindustrie is making every endeavor to capture the American market, and by insidious affiliations with American companies hopes to accomplish this result. The German monopoly has paid out an equivalent of 27 per cent in dividends since 1926.

The basic process to obtain these products is the distillation of coal. To do so, coal is put into a retort which is heated to a very high degree, and the results are coke and gas. Tar is precipitated by the cooling of the gas, and the gas is passed to another process eliminating sulphur and ammonia. Then, to obtain what are known as the light oils, the gas is washed by what is known as straw oil. This oil is taken over to a retort and again distilled, and toluol and benzol are taken out. From toluol is manufactured the high explosive known as T. N. T. From these oils are derived the aniline dyes and most of the medicines used by physicians. To make these oils enormous amounts of coal must be distilled, as a ton of coal only produces 2½ to 3 gallons, benzol being worth from 23 to 28 cents per gallon and toluol from 40 to 45 cents per gallon.

This problem may resolve itself into this—whether we would prefer to have an American monopoly, controlled and operated by our own people, subject to our laws and control, or whether we would prefer to make ourselves dependent on a German monopoly, controlled and operated by people beyond our control, and in which our citizens have no voice in the management nor are they interested, except in a limited degree, in the profits.

This German company produced 600,000 tons, or about 75 per cent of all the synthetic nitrogen produced in Germany. This company is practically the only large producer of coal-tar dyes in Germany, controlling as it does numerous valuable processes. Its annual production of dyes is estimated at between 75,000 and 80,000 tons. Other coal-tar products include benzol, pitch, creosote, oil benzine, and naphthalene. It also produces synthetic gasoline and paraffin.

It has been reported recently that the product of synthetic gasoline was proceeding at the rate of 70,000 tons per year, with large increases expected in the future. It also produces pharmaceuticals, consisting of about 40 per cent of the production of Germany.

Rayon is another product of this German chemical company, and it is second to the Glanzstoff-Bemberg group in the manufacture of this commodity. This German chemical company also produces photographic supplies and films, insecticides, light metal alloys—alektron—varnish, lacquers, alcohols, and other organic compounds, and artificial rubber.

At this point I should like to call attention to the fact, which Members of this body well know, that Mr. Henry Ford does not care to have outside partners; but in his German plant he is evidently forced to give an interest in his company to the I. G. Farbenindustries A. G. The assumption is that he could not do business in Germany without their consent.

I ask unanimous consent to file a table showing the earnings of the I. G. Farbenindustrie A. G., marked "Exhibit A"; also a copy of their balance sheet as of December 31, 1928, marked "Exhibit B."

The VICE PRESIDENT. Without objection, it is so ordered. The exhibits referred to are as follows:

EXHIBIT A

The following table indicates the progress achieved by this German monopoly since its inception, showing that the gross earnings have actually increased at the average rate of 15 per cent per year, and the net earnings rising in accordance therewith:

Comparative earnings statement

[In reichsmarks]

	1928	1927	1926	1925
Gross income.....	257,139,000	224,303,000	186,074,000	168,565,000
Expenses.....	51,904,000	48,749,000	42,119,000	45,197,000
Interest on debentures.....	15,000,000			
Depreciation.....	71,776,000	74,741,000	75,236,000	55,770,000
Net profit.....	118,458,000	100,812,000	68,718,000	67,598,000
Carry forward from previous year.....	4,426,000	2,396,000	1,805,000	446,000
Net for dividends.....	112,884,000	103,208,000	70,523,000	68,044,000
Preferred dividends.....			154,000	154,000
Common dividends.....	95,915,000	95,595,000	65,993,000	64,160,000
To reserves.....	11,708,000			
To pension and insurance.....	6,600,000			
Directors.....	3,197,000	3,186,000	1,979,000	1,925,000
Carry forward.....	5,463,000	4,426,000	2,396,000	1,806,000

I. G. Farbenindustrie common is listed on the exchange of Berlin and other German cities. Since 1926 it has been sold between the following prices:

	High	Low	Last
1929.....	202	199½	1202
1928.....	291	242½	266¾
1927.....	353½	238½	277
1926.....	384½	114½	1324

¹ Oct. 4.

¹ Ex-rights.

EXHIBIT B

I. G. Farbenindustrie A. G. (German Dye Trust) balance sheet as of December 31, 1928

	ASSETS	Reichsmarks	Reichsmarks
Fixed assets:			
Real estate.....		73,279,590.19	
Plants and railroads.....		154,261,889.00	
Apparatus and machinery.....		224,373,990.00	
Securities and investments.....			451,915,469.19
Inventories:			306,261,581.16
Raw material.....		24,074,932.18	
Fuel and technical goods.....		57,277,259.75	
Manufactured goods.....		260,773,951.43	
Accounts receivable:			342,126,143.36
Due from affiliated companies.....		75,961,937.73	
Miscellaneous.....		424,512,528.02	
Cash and bills.....			500,474,465.75
Bank balance.....			23,314,965.26
			227,773,786.91
			1,851,866,411.63

LIABILITIES		Reichsmarks	Reichsmarks
Common stock	Reichsmarks	960,000,000.00	
Less stock unissued:			
Paid in	80,212,200.00		
Not paid in	80,490,000.00		
		160,702,200.00	799,297,800.00
Preferred stock A		100,000,000.00	
Less stock issued:			
Paid in	25,000,000.00		
Not paid in	75,000,000.00		
		100,000,000.00	
Preferred stock B		40,000,000.00	
Less stock not paid in		26,606,250.00	
		13,393,750.00	188,291,355.68
Reserves			
Employees' welfare funds:			
Pension and insurance	43,400,000.00		
Anniversary fund	3,000,000.00		
		46,400,000.00	
Endowments		2,939,717.03	
Convertible debentures		250,000,000.00	
Revalorized bonds called for payment		471,765.08	
Uncalled dividends and coupons:			
Dividends	603,507.96		
Coupons	10,532.23		
		614,040.19	
Interest due on convertible debentures		15,000,000.00	
Accounts payable:			
Due to banks	82,097,711.33		
Due to affiliated companies	82,318,651.65		
Miscellaneous	248,156,673.69		
		412,573,036.67	
Profit carried forward from 1927	4,426,777.92		
Net profit in 1928	118,458,109.00		
		122,884,946.92	
		1,851,866,411.63	

Mr. KEAN. Mr. President, at Carrollville, Wis., there is a company called the Newport Chemical Co., which employs some 750 American workmen, to whom is paid an annual pay roll of \$1,640,000. Allowing four dependents to each workman, we have a total of about 3,000 people dependent upon the labor of these workmen, or, including the men themselves, a total of 3,750 people.

An average percentage has been established by the Department of Commerce as to the disbursement of the pay roll I have just mentioned, amounting to \$1,640,000. According to these percentages we find that this money is spent in the following proportions:

	Per cent	Amount of pay rolls
Foods	38	\$623,200
Clothing	17	278,800
Rent	13	213,200
Fuel and light	5	82,000
Furniture and furnishings	5	82,000
Miscellaneous	22	360,800
Total	100	1,640,000

These workers, plus workers in wholesale and retail establishments to serve them, furnish markets for—

Food	\$725,435
Clothing	324,537
Rent	248,176
Light and fuel	95,452
Furniture and furnishings	95,452
Miscellaneous	419,989
Total	1,909,040

The workers at this one plant, together with their dependents, total 3,750. It is estimated that 1,035 wholesale and retail workers are employed in serving them, or a total of 4,785 people are directly and indirectly affected or dependent upon this plant and its continuation.

In this connection it is interesting to note that the total of \$1,909,040 which I have just mentioned, and which represents a wage disbursement dependent upon the continuation of this one plant, equals 84 per cent of the value of Wisconsin's wheat crop in 1928, and that the market for foods alone equals about one-third of the value of this wheat crop.

Is it conceivable, therefore, that we would be doing our full duty as Senators of these United States not to retain and give full protection to our industries and to the men, women, and children who are dependent for their livelihood upon their successful continuance?

Mr. President, I have quoted those figures for the purpose of showing that if this business were transferred abroad we should receive a small tax from the importer, a small amount of duty, but we should not receive any of the benefits of this plant, small though it is; that American workmen would not receive these wages; that the American farmer would not be able to sell that food; that the American clothier would not be

able to sell those clothes; that the workmen would not be able to keep their houses; and the expenditures for fuel and light, and everything else, would be transferred to some other country.

In addition to that, I should like to call attention to a statement which was compiled for me by the official body here which shows that in a plant, the net income of which amounts to \$2,000,000, the detailed earnings of the plant were as follows: This was another plant, but I am just giving it to illustrate the facts:

Assume that a corporation is engaged in manufacturing, producing, say, \$2,000,000 worth per annum. The stock is held practically by one family and by the employees. Suppose, due to importation of similar pipe, this plant was ruined. What would be the result? The following study will illustrate this:

Details of plant and its earnings:	
Wage and salary earners	460
Wages paid annually	\$546,700
Cost of materials	973,160
Value of products	2,000,000
Expenses, including overhead	280,200

Profits 200,000

The tax situation would be about as follows:

Direct tax:	
Corporation tax	\$24,000
Income tax on salaries, wages, and dividends	18,000
Total Federal taxes	42,000
Local taxes:	
On plant, etc.	6,000
Taxes paid by employees	5,000
Total local taxes	11,000
Estate tax: average of tax paid each 30 years on one estate of \$500,000 and another of \$150,000 (total tax, \$9,792).	
Total estate tax	325
Indirect tax paid to Government from profits made from expenditures made by employees, etc., of corporation:	
Income tax	\$20,000
Local tax	5,000
Total indirect tax	25,000
Total annual tax	78,325

This tax feature, however, is not the large item as compared with national welfare. The number of persons dependent upon this concern for their livelihood, and those indirectly dependent, by supplying those directly dependent with all their necessities, is of supreme importance. This applies especially to the agriculturists. The individuals directly dependent are the employees, numbering 460, together with their wives, children, and other dependents. The salaries and wages of these are disbursed about as follows:

Rent	\$100,000
Food	250,000
Clothing	115,000
Doctors, medicine, church, insurance, etc.	31,700
Savings (in banks or in property)	50,000

The individuals occupied in supplying the above will be fully 250, including school teachers. This makes a total of 710 individual breadwinners, totaling with their wives, children, and other dependents fully 3,000 individuals. In addition some 1,000 wage earners are engaged in preparing and transporting the materials used in this factory. This means some 4,000 more individuals dependent upon this concern, or a total of at least 7,000 individuals in all. This means a happy, prosperous community, depending directly upon a tariff upon their product for their livelihood. The welfare of this community can not be measured only by the taxes paid by them as compared with whatever tariff duty the foreigner is willing to pay. The fact is, if the foreign goods are allowed to enter, these 7,000 individuals, in this one case alone, will be rendered destitute. They will lose everything, their homes, livelihood, prosperity, and happiness.

THE CENTER MARKET BUILDING

Mr. SMOOT. Mr. President, every month or so a delegation of merchants having stands in the Center Market come and ask me how soon they will have to vacate that building. I have told them that just as soon as it was decided by the Public Buildings Commission I would introduce a joint resolution to be acted upon by the Senate and the House giving notice to them when they would have to move.

In conformity with that assurance, after action by the commission, I introduce a joint resolution and ask for its immediate consideration.

The VICE PRESIDENT. The joint resolution will be read for the information of the Senate.

The joint resolution (S. J. Res. 77) providing for the closing of Center Market in the city of Washington was read the first time by its title and the second time at length, as follows:

Resolved, etc., That the Secretary of Agriculture is authorized and directed to give notice that the Government will cease to maintain the public market known as Center Market in the city of Washington after

January 1, 1931. The buildings used and occupied for the purposes of such market shall be vacated on or before such date.

The VICE PRESIDENT. Is there objection to the request of the Senator from Utah?

Mr. DILL. Mr. President, this is a new subject just brought in, is it not?

Mr. SMOOT. I will ask the Senator to let me explain, and if there is the least objection I will not ask for the consideration of the joint resolution.

The merchants located in the Center Market do not know when they will have to vacate that building, and they seem to be upset about the matter. Every month or so a delegation of them comes and asks us when they will have to vacate. Leases are expiring, and they do not know for what period to renew them, and they want some action on the part of Congress so that they may know what to do.

The other day the Public Buildings Commission passed upon the time when the building must be vacated, and this joint resolution is in conformity with the action of the commission, giving notice that on January 1, 1931, the Government will begin the erection of the Department of Justice building on the location of the Center Market. That is all there is to it.

Mr. DILL. I am not particularly interested; but there are some Senators who are not present who have been very much interested in this subject, and I wish the Senator from Utah would let the matter go over until to-morrow morning.

Mr. SMOOT. Certainly; I have no objection.

The VICE PRESIDENT. The joint resolution will go over.

INVESTIGATION RELATIVE TO PEANUT PRICES

Mr. HEFLIN. Mr. President, I send to the desk a resolution, which I ask to have read.

The VICE PRESIDENT. The clerk will read the resolution. The Chief Clerk read the resolution (S. Res. 139), as follows:

Whereas it is alleged that certain peanut crushers and mills have entered into a combination for the purpose of fixing prices on peanuts in violation of the antitrust laws; and

Whereas it is alleged that as a result of such combination prices for peanuts have been arbitrarily forced down; and

Whereas the lack of a competitive market for peanuts has been demoralizing and destructive to the producers of peanuts and considerable losses have been caused to the peanut growers: Therefore be it

Resolved, That the Federal Trade Commission is hereby requested to make an immediate and thorough investigation of all facts relating to the alleged combination in violation of the antitrust laws with respect to prices for peanuts by corporations operating peanut crushers and mills. The commission shall report to the Senate as soon as practicable the result of its investigation.

Mr. HEFLIN. Mr. President, this resolution is in line with the one which the Senate adopted on yesterday requesting the Federal Trade Commission to investigate at once the Cottonseed Trust, a combination of buyers, crushers, and mills in the South to depress and control the price of cottonseed. I have reliable information, and other Senators here from the peanut-producing States have information, to the effect that there is a combination of peanut buyers, crushers, and mills which has destroyed competitive buying, to the great injury of our peanut producers. That combination has beat down the price. It is claimed that it absolutely dictates the price of peanuts, and that it does so in restraint of legitimate trade in violation of the antitrust law.

The Federal Trade Commission, which was directed by the Senate on yesterday to investigate those who are beating down and controlling the price of cottonseed, can at the same time investigate those who have conspired together to destroy competitive buying and control the price of peanuts. It is important that this investigation be made as early as possible, and I ask for the immediate consideration of the resolution.

The VICE PRESIDENT. Is there objection to the immediate consideration of the resolution?

There being no objection, the resolution was considered and agreed to.

The preamble was agreed to.

REVISION OF THE TARIFF

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 2667) to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, to protect American labor, and for other purposes.

The VICE PRESIDENT. The next amendment on the desk is, on page 2, line 12, to strike out "18 cents" and to insert in lieu thereof "17 cents," so as to read "citric acid, 17 cents per pound."

Mr. KING rose.

Mr. SMOOT. Mr. President, I will say to my colleague that in the act of 1922 the duty imposed was 17 cents per pound.

The House increased the rate to 18 cents a pound, and the Senate committee has stricken out the House language and restored the language of the present law, making the duty 17 cents a pound.

Mr. KING. I understand, Mr. President, but the Summary of Tariff Information which has been furnished me by the Tariff Commission indicates that this article is a by-product of the lemon industry, and that the production of citric acid was 7,258,215 pounds in 1927, compared with 3,849,789 pounds in 1921. There are four manufacturers of the product in the United States, large companies—J. T. Baker Chemical Co., the Citro Chemical Co., of New Jersey; Charles Pfizer Co., New York, and the California Citrus League. The imports in 1928 were only 1,338 pounds, valued at \$524. In 1921 there were more than 900,000 pounds imported. In 1927 the imports were reduced to 71,000 pounds. In 1926 they were 284,000, and, as I stated, in 1928 only 1,338 pounds.

Mr. SIMMONS. What was the domestic production in 1928?

Mr. KING. The domestic production, as shown by the Tariff Commission, was 7,258,215 pounds in 1927; and, as I stated, the imports are only 1,338 pounds.

Mr. SMOOT. Mr. President, the Senator should also at this time state that that is due to the shortage of the lemon crop in Italy, which has persisted for the last three years. We do not know what the crop will be this year; I have not had any report on the subject; but we know that for the last three years the crop in Italy has been next to a failure.

Mr. KING. It is not quite so serious as indicated by my colleague. It is true there has been a diminution in the Italian production, but the demands in the European trade have been greater than heretofore, and Italy has found in Europe a market for her product. I think she has been unable really to supply the European market.

I call my colleague's attention to the fact that in 1927 the importation was only 71,000 pounds, and in 1926 it was only 284,000 pounds. So there has been a constant diminution in imports. A number of years back there was a much larger import than the figures which I first stated.

Mr. President, it does seem to me, therefore, that the present duty is prohibitive. If we want to have a prohibitive duty, when there is no necessity at all of any protection, very well. As a matter of fact, the prices in Italy, according to my information, are somewhat higher than they are in the United States; at any rate, they are substantially the same.

So that the tariff for the moment at least affords no protection, it is no advantage, and no particular disadvantage; but we preserve the paradox of imposing tariffs upon commodities which we do not import and make the tariff so high that if, for any reason, there should be later an inclination to import, importations would be prohibited and a complete monopoly would be enjoyed by the domestic producers. It does appear to me that there ought to be some slight reduction in the tariff.

Mr. SMOOT. Mr. President, it takes 1½ pounds of citrate of lime to produce 1 pound of citric acid. The compensatory duty on citric acid is 12.40 cents per pound. The duty of 17 cents per pound on the acid represents 4½ cents per pound in difference of conversion cost between the United States and Italy, whereas the actual difference in conversion cost is stated to be 5½ cents a pound. But with the 4½ cents differential, it would be absolutely necessary to have the 17 cents provided by the Senate committee. The House gave them 1 cent more, considering the differential as 5½ cents instead of 4½ cents.

As to the importations, the figures stated by the Senator as to citric acid alone were correct, but the citrus juices come in in large quantities; in other words, in 1922 the importations were 2,566,481 pounds, in 1926 it had risen to 4,556,850 pounds, but on account of the short crop in 1927 it fell to 2,109,848 pounds.

I believe that the rates fixed in the present law, under present circumstances and conditions, ought to be maintained, but the committee did refuse to add 1 cent a pound to the rate fixed in the present law.

Mr. HARRISON. Mr. President, the Senator from Utah stated the difference in the cost of production abroad and in this country as 5 cents and some fraction.

Mr. SMOOT. Five and three-quarter cents.

Mr. HARRISON. Where did he get those figures?

Mr. SMOOT. From the Tariff Commission.

Mr. HARRISON. I see that producers in this country have started in recent years to make citric acid from refined sugar. Is not that due to the increased production here, and, in a way, to the falling off of importations of citric acid?

Mr. SMOOT. I can not say to what extent that may be the case, but I doubt if it is very much.

Mr. HARRISON. As a matter of fact, they have begun to make citric acid from refined sugar. That is done on the

Atlantic seaboard. I do not know the figures as to the amount of citric acid they make out of refined sugar.

Mr. SMOOT. I can not state. I call the Senator's attention to the fact that I am sure that if he will read the hearings, he will find that the American Farm Bureau asked for 22 cents a pound.

Mr. HARRISON. I know they asked for all that, and as there are few importations into this country, I do not think they are justified in asking for any such increase. I think the committee acted very wisely in making the reduction to the figures in the present law. I believe it could stand a further reduction.

Mr. REED. Mr. President, I think the Senate ought to bear in mind the fact that while it is true that the imports of citric acid in 1928 were negligible, yet under the same 17-cent duty in 1923, 10 per cent of all that we used in this country was imported. The reason for the diminution in the import is not that we can make it so much more cheaply but it is due to the fact that the five big Italian producers have combined, have formed a trust, and have put up the foreign price so high that they can not pay the duty on top of the prevailing price in Europe and still compete in this country.

At the present time there is a shortage of citric acid in Europe and they can sell at this price which they have fixed much more profitably than to export to America and pay the 17-cent duty. But let the European market become satisfied, as it may at any time, and let them have an exportable surplus, and they can send it over here and sell it very much cheaper than our producers can sell it. I do not know what it costs them to make it over there, but I do know that within the last three years they have shipped it to us on invoice prices as low as 26 cents, whereas the price in America is 40 cents. They could pay the 17-cent duty and add that to the invoice price and still undersell the American producer by 3 cents. So there is some justification for a duty, but we did not think that in the House hearings or in the Senate hearings there had been produced sufficient evidence to warrant the increase which the House had made. That is why we put it back to the old rate of 17 cents.

Mr. KING. Mr. President—

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Utah?

Mr. REED. I yield.

Mr. KING. Does the Senator contend that the importation of 10 per cent is so competitive as to warrant an increase in the rate?

Mr. REED. It might and it might not be. It would depend on conditions in the industry, but it is at least very substantial. It might be enough to knock the props out from under the American industry completely. It might, on the other hand, be comparatively insignificant. It depends upon the circumstances in each case.

Mr. KING. Of course, not being in the committee, I can only judge from their report; but, as I understand it, the committee have agreed to transfer from the free list lemon juice and to impose upon it a duty of 5 cents per pound.

Mr. REED. That is my recollection.

Mr. SMOOT. That is correct.

Mr. KING. What justification was there for that?

Mr. REED. A very great justification was in the much lower wage cost of pressing the lemon in Sicily as compared with the cost in California and in Florida. The wage scale of Sicily at the present time is approximately one-sixth that prevailing in Florida and California.

Mr. KING. Does the Senator know that the cost of compressing the juice from the product, either the grape or the lemon, is infinitesimally small? It is mechanical and the labor cost is quite insignificant.

Mr. REED. That is only a part of it. The picking of the lemon, the harvesting of the crop, the care of the tree, and similar matters involve labor which is very much cheaper in Sicily and Calabria than it is in California and Florida.

Mr. KING. Does not the Senator know that the lemon production has increased in the United States commensurate with the needs of the people, notwithstanding lemon juice is on the free list?

Mr. REED. That is true, and we hope it will increase more. We think this will tend to make it increase.

Mr. KING. The Senator wants to impose additional burdens upon the people that buy lemons or a little lemon juice?

Mr. REED. Not a bit, but we want America to be self-sustaining in that agricultural product as it is in any other.

Mr. KING. I congratulate the horticulturists in having such an able advocate as the Senator from Pennsylvania.

Mr. SHORTRIDGE. Mr. President, I shall detain the Senate for a few moments only. With great respect for the Senate

Committee on Finance, I differed as to the rate on citric acid. I thought, and I venture to think, that the House was correct in raising the rate from 17 to 18 cents. There is no use taking up time to point out the difference in the cost of production in Sicily and the cost of like production in Florida or California. I must assume that Senators are familiar with those respective costs.

The showing before the House Committee on Ways and Means convinced that committee to raise the rate 1 cent, and I think the Senate committee was in error in not agreeing with the House as to the particular item under discussion. If there is to be a monopoly I prefer to have it in the United States where it is under our control and subject to our laws. I am a little curious to understand why Senators appear to proceed on the theory that we can not control anything in the nature of a monopoly in our own country. Certainly we can not reach out to and control foreign monopolies. Moreover, I must express my surprise when Senators rise here and make arguments which, if adopted, would be helpful to the foreign producer and injurious to the American producer.

Mr. KING. Mr. President—

The PRESIDING OFFICER (Mr. JONES in the chair). Does the Senator from California yield to the Senator from Utah?

Mr. SHORTRIDGE. I yield.

Mr. KING. The Senator indicates that we can control monopolies in the United States. Does not the Senator know that we do not control monopolies in the United States?

Mr. SHORTRIDGE. I do not know that we do not control them.

Mr. KING. And that monopolies are more numerous than before, that the Sherman Antitrust and the Clayton Acts are practically nugatory, and that there is but little effective effort made to enforce them?

Mr. SHORTRIDGE. I do not know that.

Mr. KING. I regret that the Senator does not know it.

Mr. SHORTRIDGE. If it be so, we are to be censured, and we should put in motion the laws to curb the monopoly or trust so called. But we can not control the foreign trust, the foreign monopoly. What I am standing for in respect of this particular item I am standing for in respect of any American industry, whether it be agricultural or mining or manufacturing. I want to sustain the American industry, and I know that an American industry can not compete with a foreign industry, particularly if the foreign industry is in the form of a monopoly or a trust. That is my position.

Mr. HARRISON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Mississippi?

Mr. SHORTRIDGE. With pleasure.

Mr. HARRISON. Am I to understand the Senator to assert that there is a monopoly in this country in the lime industry?

Mr. SHORTRIDGE. Far from it; but if there should be, or if there is, it is subject to our laws. But manifestly there is not such a monopoly.

Mr. KING. Mr. President—

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Utah?

Mr. SHORTRIDGE. I yield.

Mr. KING. I invite the attention of the Senator to the fact that Doctor Klein in a recent address stated that notwithstanding we are paying American labor far more than labor is paid in Europe, we are successfully competing in Europe and in the markets of the world, not only with respect to semi-manufactured products but completely fabricated products. He referred to the fact that owing to mass production, the genius of the American people and their efficiency, the United States is successfully competing with the manufacturers of the world and underselling them in many of the commodities which they produce.

May I say further to the Senator, if he will pardon me, that I put into the RECORD a few days ago a statement showing that we were underselling some countries in manufactured products, products of the mills and factories of the United States. I fear that my friend assumes that we are not competent, notwithstanding our material strength and efficiency, to compete with the rest of the world.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. SHORTRIDGE. I will yield to the Senator from Mississippi in a moment.

I understand the philosophy and theory of the Senator from Utah. I do not follow him. I think that this Nation should be industrially independent as it is politically independent. I do not think that our agriculture can compete with foreign agriculture. I use that word "agriculture" as comprehending an indefinite number of products of the farm. Wherefore I believe in a protective tariff—not a competitive tariff, but a

protective tariff which shall preserve the American consuming market for the American producer. I apply that economic doctrine to agriculture, to the mining industry, and to manufactures. I do not care now to enter into a discussion of the two theories of tariff legislation.

I yield now to the Senator from Mississippi.

Mr. HARRISON. Is there anything in the suggestion that the lemon from Sicily has more acid than the lemon produced in California, and that therefore it is more desirable?

Mr. SHORTRIDGE. There is no lemon produced anywhere in the world equal to the lemons of California, unless it be the lemons of Florida.

I submit to the Senate with great respect that the showing made before the House committee and before the Senate committee warrants an increase of at least 1 cent per pound on this particular article, citric acid. To make an end, those who have devoted disinterested study to the problem, the great Farm Bureau Association of America, many of whose members are not directly interested in this particular item, have urged and supported by facts and figures and logical argument the proposition of increasing the rate on citric acid several cents beyond what the House considered necessary.

I respectfully ask that the House rate be adopted, namely, 18 cents a pound.

Mr. KING. Mr. President, I shall not move to reduce the rate from 17 cents to 12 cents, though it should be so reduced, but I oppose the request of my friend from California to return to the House rate.

The Senator from California seems to be oblivious to the fact that we have a consuming public of more than 110,000,000 people who have wants that must be ministered to. He seems to ignore the fact that we are exporting more than \$5,000,000,000 of American products to all parts of the world, and are underselling, as I indicated a moment ago, many of the products manufactured in other parts of the world. We are exporting far more than we are importing. Our exports are increasing and our imports fell off in 1928 more than 3½ per cent, totaling approximately \$4,000,000,000.

The Senator can not ignore the fact that many imported products are used in the manufacture of commodities for domestic use as well as for exportation, and the further fact that employment is furnished to hundreds of thousands of American wage earners by reason of the utilization of products brought from other countries. He seems to ignore the fact that reciprocity, reciprocal trade and commerce, are a vitalizing element in our international relations.

Mr. Hoover quite recently said, in substance—I think it was in his speech in Brazil—that international trade was the lifeblood of commerce. Obviously that is true. If we are to be isolationists, as the Senator from California [Mr. SHORTRIDGE] would have us to be, judging from his address, we can very quickly end this special session of Congress by passing a law that hereafter all imports shall be forbidden; but I feel sure he would want a provision that we be permitted to export even though we did not import. That is the philosophy for which my friend is contending, if I correctly interpret his position.

Mr. SHORTRIDGE. Mr. President, I do not care to take up the time of the Senate by replying to the remarks of my friend from Utah, nor do I wish to consume time this afternoon in an elaborate statement of my views in regard to tariff legislation.

Perhaps it will be enough to say that I believe in a protective tariff—one that protects. Protects what? Protects American industry. Protects whom? Protects American men, women, and children. And how? By protecting them from being brought into competition with the poorly paid and unhappy labor of other countries. I hold myself ready to defend the doctrine which has been a blessing to America from the day of Washington until this hour, and I hold myself ready to attempt to show that the contrary theory, the free-trade theory, has been a curse to America whenever put into operation. As to this immediate item, perhaps I have said enough. Those who are directly interested in it point out the truth, namely, that they must have a certain rate of duty; otherwise the American market will be captured by the foreigner. If my friends wish to have the American consuming market supplied by Sicily, be it so; but I imagine that upon reflection they will prefer to have the American consuming market supplied by the American producer.

Mr. KING. Mr. President, just one word; and I apologize for trespassing further upon the time of the Senate.

I think my friend from California misreads American history. If he can find a single free-trade period in our history he must see through a microscope or telescope that none of us has been permitted to gaze through. The Senator knows that the best tariff bill, so far as contributing to the prosperity and welfare

of the people of the United States, was the Walker tariff bill enacted in 1846. So universally has that act been commended that Mr. Blaine eulogized it and said that under it there was the greatest prosperity ever enjoyed by the American people. Other Republicans have made similar statements.

As to the Underwood tariff bill, some of our Republican friends mistakenly declare that it was a free-trade measure. How absurd, Mr. President, that contention is! The rates in the Underwood tariff bill were more than 38 per cent ad valorem. They were much higher than the rates not only in the early days of the Republic but down to the period of the Civil War. The Underwood bill carried many rates that were excessive. It is absolutely absurd to say that the United States ever had free trade.

However, I might challenge the attention of my friend from California to the fact that Great Britain emancipated herself from a very dark industrial and economic situation when she repealed the corn laws, and adopted a liberal trade policy which gave to her a paramountcy in the manufacturing world.

Mr. SHORTRIDGE. Mr. President, I may answer all those observations of the Senator from Utah, but I shall do so hereafter, if I deem it at all necessary.

Mr. HARRISON. Mr. President, it seems peculiar that the Senator from California should start out in the beginning of the consideration of the rate structure of the tariff bill with such a weak case. I have some sympathy for his position, even though there were but 1,300 pounds of this commodity imported in 1927 while the production was something like 7,058,000 pounds. There is certainly much need for the high protection that is proposed to be given in this case. However, I said I had some sympathy for the Senator because of the fact that after this bill was framed, and the rates were written, and the Senator from New Jersey [Mr. EDGE]—who will not be with us long—had “batted high” and got many increases on commodities produced in his State and had a complacent and thoroughly satisfied look, and the Senator from Pennsylvania [Mr. REED], who is soon to go abroad to settle the disarmament question, had gotten what he desired in the bill; and the Senator from Connecticut [Mr. BINGHAM], who has taken care of his constituents in this matter in a fine way, so much so that he has received the applause of some constituents, although he has received the condemnation of others and the press of the country, “batted high”; the distinguished Senator from California, who had many things to take care of in this bill when it was reported, gave out a statement to his fellow citizens in California, “I have done well; representing you, I have batted 999 per cent.” So this is the one-thousandth of 1 per cent that he did not get in the framing of the bill, and that is why he offers this amendment at this time.

Mr. SHORTRIDGE. Mr. President, I wish to say to my friend from Mississippi that I still stand in favor of a duty of 7 cents a pound on long-staple cotton, and I expect him to vote with me on that.

Mr. HARRISON. That is about the surest ground the Senator has stood on since the tariff bill came before the Senate.

Mr. SHORTRIDGE. That is one ground, at least, on which I stand with the Senator, or, rather, he stands with me.

Mr. HEFLIN. Mr. President, I wish to say to the Senator from California that I have offered an amendment to-day to his amendment putting an import duty of 4 per cent on short-staple cotton.

Mr. SHORTRIDGE. I shall be for the Senator's amendment.

Mr. HEFLIN. I hope the Senator and I can strike hands around a common center for both sections.

Mr. SHORTRIDGE. I certainly shall be with the Senator on that proposition.

Mr. BARKLEY. Mr. President, I should like to inquire whether the “logrolling” has started on the first page of this bill?

Mr. SMOOT. That question can be answered on the other side.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the committee. By the sound the ayes seem to have it.

Mr. HARRISON. I ask for a division.

Mr. KING. Mr. President, a parliamentary inquiry. Are we voting upon the amendment offered by the Senator from California?

The PRESIDING OFFICER. The Senator from California has not offered any amendment, as the Chair understands. The question is on agreeing to the amendment reported by the committee.

Mr. KING. Reducing the rate on citric acid from 18 cents to 17 cents?

The PRESIDING OFFICER. That is correct. The Senator from Mississippi asks for a division on the amendment.

On a division the amendment was agreed to.

Mr. HARRISON. Mr. President, a parliamentary inquiry. What was the vote on the amendment?

The PRESIDING OFFICER. It was very strongly in favor of the committee amendment. [Laughter.] The next amendment reported by the committee will be stated.

The LEGISLATIVE CLERK. On page 2, line 22, before the words "per pound," it is proposed to strike out "6 cents" and insert "4 cents," so as to read:

Tannic acid, tannin, and extracts of nutgalls, containing by weight of tannic acid less than 50 per centum, 4 cents per pound.

Mr. COPELAND. Mr. President, I should like to ask the chairman of the committee a question in regard to the reductions in the duties on certain acids. On the one now under consideration, tannic acid, the rate is reduced from 6 cents to 4 cents; on gallic acid the rate is reduced from 10 cents to 8 cents; and on oleic acid there is a reduction from a present ad valorem rate of about 25 per cent. Although the bill would seem to indicate an increase, as a matter of fact, the rate would still be materially under the present rate. Also on pyrogallallic acid the duty is reduced from 15 cents to 12 cents.

Certain industries in my State are very much concerned about these reductions. I have in my hand a letter from Dr. F. G. Zinsser, president of Zinsser & Co. (Inc.), manufacturing chemists, who points out to me in his letter that, while the average duty on chemicals carried in the tariff act of 1922 was about 34 per cent, it is here proposed to reduce the duties on tannic, gallic, and pyrogallallic acid from between 8 and 24 per cent. My correspondent says that while there is not a tremendous quantity coming into the country, yet, after all, it is an industry which is growing and prosperous and one which has a future.

Mr. SMOOT. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Utah?

Mr. COPELAND. I yield.

Mr. SMOOT. I think the Senator has misunderstood what his correspondent had in view. The letter, I think, refers to the increases made by the House.

Mr. COPELAND. Yes.

Mr. SMOOT. But the Senate committee amendments carry out the existing law as to tannic acid and the other acids as well. If the rates reported by the committee shall be agreed to, those acids will have exactly the same tariff rates which they have to-day.

Mr. COPELAND. I am glad of that explanation, but that applies to—

Mr. SMOOT. That applies to tannic acid and the others mentioned by the Senator.

Mr. COPELAND. It does not apply to oleic acid.

Mr. SMOOT. Will the Senator wait until we get to that item?

Mr. COPELAND. Very well.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Utah?

Mr. COPELAND. Yes.

Mr. KING. As to gallic and pyrogallallic acid, let me say to the Senate that there is not a pound of the former and only an infinitesimal amount of the latter imported. The duty under the Fordney-McCumber law is so high as to amount to an embargo, and yet the Senator's correspondent, who is connected with a chemical company, is trying to get higher rates of duty. He is not satisfied with a complete embargo. It would be interesting to learn what he really does want.

Mr. COPELAND. What the Senator says about gallic acid and pyrogallallic acid is quite correct, but it is not correct as to tannic acid.

Mr. KING. I did not make any statement in regard to tannic acid.

Mr. COPELAND. But being assured by the senior Senator from Utah that the rates on these three acids will be the same as at present, if that is the case, I have nothing further to say.

Mr. SMOOT. I will say to the Senator that the rate on pyrogallallic acid will be exactly the same as under existing law, and if the Senate committee amendment shall be agreed to, the rate on tannic acid will be the same as that under existing law.

Mr. BARKLEY. Mr. President, I should like to inquire of the Senator from Utah whether there ought not to be a greater reduction on tannic acid than simply to reduce the duty to that provided by the present law? There are practically no imports. Tannic acid is produced from a substance that is imported altogether from foreign countries and enters free of duty.

Mr. SMOOT. I think the Senator is mistaken when he says that there are no imports, for about 12 per cent of the consumption is imported.

Mr. BARKLEY. The domestic production of tannic acid increased between 1919 and 1927 from 845,000 pounds to 1,297,232 pounds, and the imports from 1922 to 1928 of the kind containing less than 50 per cent by weight of tannic acid was actually reduced from 77,649 pounds to 55,342 pounds. There was a slight increase in the character of the imports not medicinal from 11,200 to 49,209, but imports of the medicinal kind are practically negligible, having increased from 88 pounds to only 275 pounds.

So that with the raw product, which is the excrescence of what are called nutgalls, the tannin which is brought in here free of duty, out of which tannic acid is manufactured, there being no domestic production whatever of the raw material, I do not see why there ought not to be even a further reduction of the tariff rate on this acid.

Mr. SMOOT. Mr. President, for the first four months of 1929 substantially the same rate of importation has continued as during the years 1928 and 1927. If we want to have that industry in this country, I think the rates in the existing law are sufficient to preserve it. The committee thought so, and therefore reduced the House rates, although I will say to the Senator that if the testimony before the House committee and before the Senate committee were taken at 100 per cent it would justify the rates provided for in the House bill; but the Senate committee thought the rates should be reduced somewhat.

Mr. BARKLEY. The fact that the Senate committee reduced the rates from the House figure is a rather strong implication that the representations should not be taken at their face value.

Mr. SMOOT. The Finance Committee thought the industry could live under the rates provided in existing law, and they therefore reduced the House rates. I hope the Senate will agree to those rates.

Mr. BARKLEY. I do not intend at this time to move to reduce the rates still further, but I think such a motion would be justified.

Mr. COPELAND. Mr. President, I should like to say to the Senator from Kentucky that what he says about tannic acid is correct as regards medicinal use; but in the technical grade the importations have increased to about 10 per cent of domestic production.

Mr. BARKLEY. That increase must have been very recent, because from 1919 to 1927 the domestic production almost doubled, while the importations of this acid containing less than 50 per cent of tannic acid fell from 77,000 pounds to 55,000 pounds, which is a very small quantity compared with the domestic production.

Mr. COPELAND. I may say that I am depending upon the statement found on page 13 of the Summary of Tariff Information, where it speaks of competitive conditions; and I quote:

In the medicinal grades of tannic acid competition from imports is negligible, but in the technical grade it has increased to about 10 per cent of domestic production. European producers have the advantage of lower freight rates on raw materials from the Orient. Chinese manufacturers have an even greater advantage in transportation charges.

Mr. BARKLEY. I think the Senator is referring to tartaric acid, not tannic acid.

Mr. COPELAND. No; I am speaking about tannic acid. If the Senator has the page—

Mr. BARKLEY. Yes; I have.

Mr. COPELAND. On page 13 the Senator will see "Tartaric acid"; and then, just above that, in the paragraph above the heading, is the statement which relates to tannic acid. It begins:

In the medicinal grades of tannic acid—

So that relates wholly to tannic acid.

Mr. KING. Mr. President, I am not satisfied with the action of the committee. First, may I say that the chart which I have before me, furnished by the Tariff Commission, which names commodities of which imports were less than 10 per cent of domestic consumption in 1927, gives, under the head of "Tannic acid," the number of pounds of domestic production, the imports for consumption, and the value. The domestic production was 1,297,232 pounds in 1927; the imports for consumption were only 20,966 pounds; and the ratio of imports to consumption in value was 4.37 per cent and in poundage 8.53 per cent.

Mr. President, this commodity is of importance in many ways. It ought to be as cheap as possible. Manufacturers of tannic acid obtain the raw material free of duty. It comes from the nutgall, grown in the Orient upon trees; and, as stated, it

is brought into the United States free of duty. It is important in dyeing textiles, in making ink, in manufacturing color lakes, in the clarification of fruit juices, in pharmacy, for medicinal purposes, and for the manufacture of gallic and pyrogallac acids.

Mr. President, in view of the large domestic production and the small importation, and in view of the importance of the product for medicinal and other purposes, it does seem to me that the rate of duty ought to be lowered. In 1928 the amount imported for medicinal purposes was only 275 pounds, so that the domestic manufacturers practically had a monopoly in the medicinals produced from this commodity.

Mr. President, in view of the record in respect of this product, the small importation, and the importance of the product in so many industries, particularly in the line of medicinals, I think the rate should be reduced from 4 to 2 cents a pound.

Mr. WALSH of Massachusetts. Mr. President, does the Senator know what the rate was in the act of 1913?

Mr. KING. In the tariff act of 1913 tannic acid carried a duty of 5 cents per pound. That was a high rate of duty. That was in the "free trade" bill that I suppose the Senator from California talks about.

Mr. BARKLEY. Was that a straight rate, or was it graded according to tannic acid content?

Mr. KING. My recollection is that the rate was 5 cents per pound. I am not certain that was the grade for medicinal use only, but believe that it did not differentiate the grades but imposed but one duty for the three grades or classifications.

Mr. SMOOT. Mr. President, I will state to my colleague that that was the rate imposed upon tannic acid for tanning. It did not make any difference what grade it was. That was in the act of 1913.

Mr. KING. That is the information I have before me—tannic acid, 5 cents per pound.

Mr. BARKLEY. That would have been a lower rate on the average than the rate fixed in this bill or in the present law, which regulates the rate according to the tannic acid content.

Mr. KING. Yes; that is true, because I see here that where it is less than 50 per cent purity the rate is 4 cents per pound; 50 per cent purity or more, not medicinal, 10 cents per pound; and 50 per cent purity or more, for medicinal purposes, 20 cents per pound.

I should like to ask my colleague what was the purpose of the committee with respect to rates upon this acid when it has a purity of 50 per cent or more, not medicinal, and when it has a purity of 50 per cent or more, for medicinal purposes? Is it the purpose of the majority to retain those high rates?

Mr. SMOOT. We intend to keep the rates as they are provided in existing law. The price of the medicinal quality or grade is about 75 to 80 cents per pound. That is, beginning from 1924 it has averaged about 80 cents a pound. That is the chemically pure grade for medicinal purposes. That is the wholesale American price.

Mr. COPELAND. Mr. President, it seems to me, as I view our relation to this tariff question, that here are three products—tannic acid, gallic acid, and pyrogallac acid—that are very important to the textile and film industries. The junior Senator from Utah [Mr. KING] did not mention the uses of these acids in the film industry.

Mr. KING. No; I did not.

Mr. COPELAND. But the other uses he has enumerated. We are dependent upon them, and so I consider it important that the production in this country should be encouraged. The industry has been developed at great expense, and it certainly is entitled to the same protection that we now have; and if I had my way I should increase it.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The VICE PRESIDENT. The clerk will continue the reading of the bill.

The reading of the bill was resumed.

The next amendment of the Committee on Finance was, on page 2, line 23, to strike out "12 cents" and insert "10 cents," so as to read:

Fifty per cent or more and not medicinal, 10 cents per pound;

The amendment was agreed to.

The next amendment was, on page 2, line 24, to strike out "22 cents" and insert "20 cents," so as to read:

Fifty per cent or more and medicinal, 20 cents per pound.

Mr. BARKLEY. Mr. President, in line 24, in lieu of "20 cents," I move to insert "18 cents."

According to the tariff information report, only 275 pounds of this product comes into this country, and that is used alto-

gether for medical purposes. If the domestic production of this acid is only extensive enough to produce the quantity of it that comes in competition with 275 pounds brought over from abroad, certainly there is no reason why there should be any tariff at all on it, especially as it is used as a medicine.

Mr. SMOOT. Mr. President, I desire to call the Senator's attention to the fact that the quotation on medicinal tannic acid is 43 cents, shipped from Germany. That was the latest shipment that came in. The wholesale price in the United States is from 75 to 80 cents. All the Senate is giving to this product in the way of a duty is 22 cents; and that does not by any manner of means cover the difference, judging from what the price has been. If we are going to make any change at all, I think it should not be on this high-grade product.

Mr. BARKLEY. That is the only one in this item that is medicinal; and certainly we ought not to levy a tribute on medicines.

Mr. SMOOT. Mr. President, it will never make any difference in what the consumer will pay for medicine. There is not any doubt about that.

Mr. HARRISON. Mr. President, I understand that in the case of this item there are no importations?

Mr. BARKLEY. Two hundred and seventy-five pounds only. You could carry it in a basket on your shoulder.

Mr. SMOOT. There is not very much of it used, Mr. President.

Mr. BARKLEY. Mr. President, I do not care to debate the matter any further. I offer the amendment to reduce the duty from 20 cents to 18 cents. My real conviction is that there ought not to be any rate at all on it. The imports are infinitesimal. They can not possibly have any effect on the American product; and, as it is a medicine, I think the rate ought to be reduced.

Mr. KING. Mr. President, I want to appeal to Senators to support a proposition that possibly holds in its grasp a little cheaper medicine for the American people. We know that some of these large medicinal corporations have made enormous profits; and the figures which I read this morning showed that the output of pharmaceuticals and medicines by the American manufacturing associations had more than quadrupled since 1921. With this enormous increase, and with the enormous profits which the manufacturers of medicines are making, and with the great burdens imposed upon the people who are afflicted and who are compelled to employ doctors, it does seem to me that we ought to have some little mercy upon them, and try to give them a little cheaper medicine. Apparently, we are going to raise everything else in this bill. Let us give them a little cheaper medicine.

I should like to see this product put on the free list, where it ought to be; but I shall heartily support the amendment offered by the Senator from Kentucky.

Mr. SMOOT. Mr. President, I desire to say that there is very, very little of this product used in medicine. A great part of the refined product is utilized in dyeing textiles, and represents the chief use of the acid in highly specialized products. Again, it is used in the clarification of wines and some fruit juices. That is the great bulk of its use. If we are going to have the rates in this tariff bill conform to value—and that is what tariff bills generally do—then we ought to have the 20-cent rate provided for by the Senate committee.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. SMOOT. I yield.

Mr. HARRISON. We have not disturbed the other two classifications upon the first and second propositions.

Mr. SMOOT. I understand that.

Mr. HARRISON. In the Summary of Tariff Information, under the heading, "Competitive conditions," this is stated:

In the medicinal grades of tannic acid competition from imports is negligible.

If that last word from the Tariff Commission be true, why would a reduction from 20 to 18 cents particularly hurt the situation? The Tariff Commission itself asserts the importations are negligible.

Mr. SMOOT. The actual, computed ad valorem rates, on what little is imported in the United States, are 27.77 per cent. On the basis of 18 cents a pound, that is approximately 25 cents instead of 24.77, as it would be under the 20 cents provided in the Senate committee amendment. That is why we reduced it from the figure in the House provision. I think, to make it conform to the other two brackets of the bill, it ought to be 20 cents.

Mr. HARRISON. Suppose we go back and reconsider and reduce the others?

Mr. SMOOT. I do not think there is any necessity of that.

Mr. BARKLEY. Mr. President, the difference between this medicinal tannic acid and the other two grades is hardly to be based upon the graduated rate fixed in the bill, because in the technical grades, which we have passed without any interference with the rate fixed by the Senate committee, the Tariff Commission estimates that the importations have reached about 10 per cent of the domestic production, whereas in this particular grade, which is the medicinal article, the importations are negligible. One man can carry the whole year's imports in a basket on his arm.

Mr. SMOOT. That may be true as to the imports, but a very small portion of the product goes into medicine, of the imports, even. It is used, as I have always stated, for other things. I do not think it is necessary to make that little change here for the few pounds that go into medicine.

Mr. BARKLEY. If the importation of 275 pounds is, as described by the commission, negligible, there certainly must be domestic production sufficient to supply the demands of this article for medicinal use.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. COPELAND. I shall be glad to follow the Senator in regard to a medicinal substance of some consequence, but the total importation of this product is only 275 pounds.

Mr. BARKLEY. I understand.

Mr. COPELAND. In 1 pound we would have 5,760 grains, and if you prescribe 5 grains, you would be prescribing a lot. So you would save one one-thousandth of 2 cents, which is, of course, something, but it would not go very far.

Mr. BARKLEY. Mr. President, I appreciate that the quantity of this product which comes in is negligible, but in view of the fact that the raw material out of which it is manufactured comes in free, if the competition with foreign imports of this particular grade is negligible, as a matter of principle I do not see why there ought to be any tariff on the article at all. While 2 cents reduction may be small, yet if we can secure all through this bill proportionate reductions on medicinal articles and other articles of necessity where there is practically no competition, where the raw material comes in free, we may accomplish considerable reductions in behalf of the American people.

Mr. FLETCHER. Mr. President, I would like to inquire about the question of revenue that is realized now and what would be realized if the change were made.

Mr. BARKLEY. The amount of revenue would be indicated by multiplying 275 pounds by 20 cents. It would be a little over \$50. The amount of the revenue involved is not very large.

Mr. SMOOT. Mr. President, I hold in my hand an offer from a German firm, dated January 7, 1929, to McKessin & Robbins (Inc.), 91 Fulton Street, New York City, of tannic acid, commercially pure, for 43 cents a pound.

Mr. BARKLEY. Is that medicinal tannic acid?

Mr. SMOOT. It is tannic acid, United States Pharmacopoeia, 100-pound keg, \$43, or 43 cents a pound.

If it were all used in medicine, it would be, perhaps, a different thing, although a prescription of any medicine would never be sold for one one-thousandth of a cent less to the ultimate consumer if this change were made.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Kentucky [Mr. BARKLEY] to the amendment of the committee. [Putting the question.] The yeas seem to have it.

Mr. HARRISON. I ask for a division.

Mr. REED. Mr. President, may the amendment be reported?

The VICE PRESIDENT. The amendment will be read.

The LEGISLATIVE CLERK. On page 2, line 24, in lieu of the figures proposed by the Senate Finance Committee, insert "18 cents."

The VICE PRESIDENT. Those in favor of the amendment will stand and remain standing until counted.

The Senate proceeded to divide.

Mr. BINGHAM. Mr. President, is this the amendment which would reduce the cost of a dose of this medicine by three one-hundredths of 2 cents?

Mr. KING. Mr. President, I do not agree to such a suggestion. If the Senator may ask a question when a vote is being taken, I shall also ask one.

The VICE PRESIDENT. The Secretary will count the Senators standing.

Mr. HARRISON. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. BINGHAM. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Allen	Frazier	La Follette	Smoot
Ashurst	George	McKellar	Stock
Barkley	Gillett	McMaster	Stelwer
Bingham	Glenn	McNary	Stephens
Black	Goff	Moses	Swanson
Blaine	Goldsborough	Norbeck	Thomas, Idaho
Blease	Greene	Norris	Thomas, Okla.
Borah	Hale	Nye	Townsend
Bratton	Harris	Oddie	Tammell
Brock	Harrison	Overman	Tydings
Brookhart	Hastings	Patterson	Vandenberg
Capper	Hatfield	Phipps	Wagner
Connally	Hawes	Pine	Walcott
Copeland	Hayden	Pittman	Walsh, Mass.
Couzens	Hebert	Reed	Walsh, Mont.
Cutting	Heflin	Robinson, Ark.	Warren
Dale	Howell	Robinson, Ind.	Waterman
Dill	Johnson	Schall	Watson
Edge	Jones	Sheppard	
Fess	Keyes	Shortridge	
Fletcher	King	Simmons	

The VICE PRESIDENT. Eighty-one Senators have answered to their names. A quorum is present.

Mr. REED. Mr. President, we have just had a viva voce vote on an amendment offered by the Senator from Kentucky [Mr. BARKLEY], which would reduce the tariff on tannic acid for medicinal purposes from 20 cents a pound to 18 cents a pound. The act of 1922 fixes the rate at 20 cents a pound. The House raised the rate to 22 cents, and the Finance Committee put it back to the rate fixed in the present law.

I want to explain to Senators present how much is in issue in connection with this great question on which they have just been called from their offices by the quorum call for the roll-call vote which will come in a moment.

Last year there were imported into the United States 275 pounds of tannic acid of the United States Pharmacopoeia standard; that is, of the quality used for medicinal purposes. This amendment would make a difference in the duty of 2 cents per pound, or \$5.50 in the yearly revenue of the Government of the United States, \$5.50 in the tax upon the consumer, about which we hear so much.

Mr. KING. Mr. President, will the Senator yield?

Mr. REED. In just a moment. We are told by the Senator from New York [Mr. COPELAND], who himself is a physician, that there are about 300 doses in each pound.

Mr. COPELAND. A thousand doses.

Mr. REED. A thousand doses; it is more than I thought. So that there would be 275,000 doses of this medicine, on which the cost to the consumer is to be reduced \$5.50. Meanwhile the Senators must be paid salaries, the employees of the Senate must be paid for carrying on this farce. We are told that there is no filibuster on against the tariff bill—

Mr. LA FOLLETTE. Mr. President—

Mr. REED. Just a moment. We are told there is no filibuster on against the tariff bill, and yet we will spend hundreds of dollars' worth of the time of the Senate, at the expense of the United States, on a question of revenue of \$5.50 a year.

Mr. LA FOLLETTE. Mr. President, will the Senator yield now?

Mr. REED. I yield.

Mr. LA FOLLETTE. If the Senator's contention is correct, why did not the chairman of the Finance Committee accept the amendment. The chairman of the committee has been resisting the amendment.

Mr. REED. For the very good reason that we think the duty of 20 cents a pound is a reasonable one, and compares properly with the duty on tannic acid of nonmedicinal quality.

Mr. LA FOLLETTE. That may be true, but if the contention of the Senator is correct and this item is of no importance whatsoever, I point out that the delay is due to the fact that the Senator from Utah [Mr. Smoot] did not accept the amendment, but insisted upon debating it at length.

Mr. REED. I think we have the thought of the Senator from Wisconsin that where we feel that a tariff rate is correct, yet, nevertheless, we ought to accept an incorrect rate every time anyone proposes it.

Mr. BORAH. On the other hand, if we think it is incorrect, we are just as well justified in insisting upon our position. So far as the matter of expense is concerned, it applies to one just as much as to the other.

Mr. WALSH of Massachusetts. Mr. President, the Senator from Pennsylvania omitted a very important part of the evidence which has been adduced in the deliberations of the Senate, namely, that the rate of duty upon this acid was 5 cents a pound from 1913 to 1922. It is now 20 cents per pound. It seems to me an increase of 400 per cent in duty on a commodity that is not imported into the country and that is used for medicinal purposes is ample reason for delaying the Senate in order to have a record vote.

Let me suggest to the Senator from Kentucky what I intended to suggest before the debate closes, that he and others who are interested in reducing excessive rates in the bill should bear in mind that the bill must go into conference; that there already are in the bill House rates; that the conference usually means compromise, and where there is not a case of a reasonable protective duty made out we should move to reduce these rates to as low a basis as possible.

Mr. BARKLEY. Mr. President, I do not intend to spend any more of the Treasury's money in discussing the matter except to reply briefly to the Senator from Pennsylvania [Mr. REED], who bases his argument upon the rather astonishing suggestion that we will save more money by allowing the rate to remain where it is than we will by debating it in an effort to reduce it. I am not interested in whether the revenue is \$5,000 or \$5. We left the rates on the technical grades of tannic acid where they were.

The Senate committee reduced them from the figures fixed by the House. On this particular grade there are no imports to speak of except 275 pounds which, as the Senator from New York [Mr. COPELAND] suggested, contains 275,000 doses of medicine, which is no small matter when it comes to dosage. The raw material out of which it is made coming in absolutely free of any tariff duty. It seems to me that on this particular grade, which is a medicine and a necessity, in view of the fact that we have left the tariff where it was on the other grades, the fact that there is such a small amount imported does not justify undertaking to cajole the Senate into adopting the committee amendment rather than reduce the rate to 18 cents, because the committee members think that the time consumed in discussing the question will be worth more to the people of the United States than the amount saved by a reduction in the tariff rate.

If that is to be the measure of legislation and of the time to be expended on legislation in the Senate we might well sometimes pause to inquire how often we waste the time and money of the people on legislation in which other Members of the Senate as well as members of the Finance Committee may be interested. I trust the time will never come when we are to close our mouths and remain dumb because if we undertake to advocate a principle in which we believe we may be accused of wasting the money of the Treasury by adding a few more pages to the CONGRESSIONAL RECORD than would have been done if we had remained silent.

Mr. HARRISON. Mr. President, it has been the practice of the distinguished Senator from Pennsylvania [Mr. REED] from the beginning of the discussion of this bill to come in at the eleventh hour and make a speech that he might attempt to change some votes, that he might reiterate what had already been said, that he might ring down the curtain upon every act. I do not blame the Senator from Pennsylvania to-day for becoming irritated and impatient, for lecturing those of us who are less significant and less important, but more humble than he. He has had so much on his shoulders, so many weighty problems to solve, that I do not wonder at his irritation now. Of course, he gets his reward for his illustrious services. The harder he fights for the special interest of the country, including Joe Grundy and the steel interests, the closer he becomes to the President of the United States.

But I do not understand why he should become so impatient at those of us who desire at times but a few moments to discuss rates, and especially at this time when our effort is confined to a reduction of a rate that will permit medicine to be sold a little cheaper to the American people. If he thinks he will win greater and more favors from President Hoover by virtue of that stand, then let it be. I must admit that the Senator's action to-day somewhat wearies our patience and ruffles our sensibilities.

The Senator accuses us of delay. We have made no effort to delay, and no one in this body knows it better than the Senator from Pennsylvania. In less than 24 hours after it was offered we permitted a vote to be taken on an amendment which meant more for the farmers of the country than any proposal that has been offered since this administration came into power. It was from this side of the Chamber that the suggestion was made that a vote be taken upon the debenture amendment in less than 12 hours after it was offered. Was that filibustering? Was that delaying the Senate? Was that withholding from Mr. Grundy and the special interests of Pittsburgh those fruits with which they are to appease their appetites in after years should the proposed rates in this bill be adopted?

Then we come to the chemical schedule, important as it is, and we permit the adoption of several recommendations of the Senate Committee on Finance without much discussion. We have just permitted the adoption of the recommendation of the majority on two other items in this classification because there

were some importations. Ten per cent of the productions were imported in those two items.

But when we reach this particular article which enters into medicinal properties, of which there are only 275 pounds imported, and we ask those in charge of the bill to reduce the rate from 20 cents to 18 cents, even though there was only a 5-cent duty previously, as was pointed out by the Senator from Massachusetts [Mr. WALSH], we are held up in scorn and it is said we are filibustering.

We did not want to have a roll call. We were forced into the roll call. We asked for a division, and when we saw that more Senators rose on the other side of the Chamber against the proposal than were in favor of it, then it was that we asked for a roll call on the question. Then it is that the Senator from Pennsylvania rose with all of these weighty problems on his shoulders, ranging from disarmament and foreign affairs down to the tariff bill—he who is so important that he is put to the front while other Senators over there, well versed in armament, well versed in foreign affairs, well versed in naval affairs, Senators who have made a study of those question for years, Senators who have risen to high membership on the Naval Affairs and Foreign Relations Committees because of long service and long experience there, such as the distinguished Senator from Maine [Mr. HALE], are brushed aside and this gentleman from Pennsylvania, the spokesman of Mr. Grundy and Mr. Mellon, the chairman of the subcommittee having the steel schedule in charge, is put forth to represent this great Government at the disarmament conference.

Mr. BARKLEY. Mr. President—

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Kentucky?

Mr. HARRISON. I yield.

Mr. BARKLEY. I should like to suggest that if the roll call had been proceeded with after it was ordered instead of the Senator from Connecticut [Mr. BINGHAM] making a point of no quorum, the roll call would have been over long ago and we would have saved probably another dollar to the people of the country by shortening these proceedings.

Mr. HARRISON. Oh, yes; we would have saved at least that much. Not only were those gentlemen brushed aside but others as well, including the able Senator from New Hampshire [Mr. MOSES], and the Senator from California [Mr. JOHNSON] who has had the courage to speak out in meeting and take his stand and oppose some men in high places. Although they occupy high and distinguished positions in the foreign relations of our Government, as well as on the question of armament and disarmament, they were brushed aside, and the distinguished Senator from Pennsylvania is put to the forefront. Not only that but the distinguished Senator from Indiana [Mr. WATSON], chosen by his colleagues as the political leader on their side of the Chamber, who has made a life study and devoted his life's work to the great problems of foreign affairs and disarmament, is brushed aside, too, and the Senator from Pennsylvania is elevated. The trouble is, his appointment has gone to his head and he comes here to lecture Senators because we would go on record on an important amendment to the tariff bill.

Mr. REED. Mr. President, even at the expense of a little vituperation of myself every day it is my intention to point out to the country each day the way in which the time of the Senate is being wasted and the passage of the bill is being prevented. We have 16 schedules in the bill. We have about 30 business days remaining in which to work. No matter what may be said about me personally, it is my intention from time to time to point out to the country whose fault it is that the tariff bill is not passed.

Mr. NORRIS. Mr. President, I hope when the Senator from Pennsylvania is performing that remarkable duty from day to day he will not miss pointing out in each case the votes and discussions that are cynical.

Mr. BLAINE. Mr. President, if the Senator from Pennsylvania [Mr. REED] is correct in his theory regarding a protective tariff, then it would seem to me that he has miscalculated the cost to American consumers of the tariff on this particular item. If I am not mistaken, the cost to the American consumer on this item alone is something like \$259,556.40 plus the 20 cents a pound on the imports, which, of course, would amount to quite a considerable additional sum.

Mr. REED. Mr. President, will the Senator yield?

Mr. BLAINE. I yield.

Mr. REED. The Senator is misled by the fact that the figures of the domestic production include not only the medicinal grade, but the common grade used in industry. There are no figures available that show the small quantity used in medicine. It is utterly unthinkable that the people of the United States last year used 1,250,000,000 doses of medicinal tannic acid. The

figures on which the Senator is basing his statement include industrial tannic acid, on which the rate is lower now than under the Democratic Underwood bill.

Mr. BLAINE. I thank the Senator for the elucidation, but the Senator from Wisconsin had identically the same figures in mind. This particular commodity is not consumed alone for medicinal purposes; it goes into industry, and, therefore, the tariff is passed on to the consumer just the same, whether he takes it as a dose of medicine or a dose of added cost of the things he uses.

Mr. REED. That is quite true. If the Senator will yield, let me say that if he will look two lines above this item in the tariff bill he will see that the consumer does not pay that, because the rate is only 4 cents a pound on the industrial grade of this chemical.

Mr. BLAINE. I thank the Senator for the information; but I was basing the calculation on the total number of pounds, as shown by the Tariff Commission. We would be doing the people of the country some benefit by putting the commodity on the free list, because the pending tariff bill, if enacted, is not going to be for one year alone; it is going to continue for a long period; and this burden will be heaped upon the people annually. So I think the Senator is rather unjustified in criticizing Members of the Senate who undertake to discuss this proposition.

I presume the amount itself in this instance is not so great, perhaps, but when one adds to it the amounts involved in hundreds upon hundreds of other items he will reach astounding figures.

When we shall reach the chemical paragraph respecting coal-tar products there will be found the possibility of the imposition of a tariff tax of \$31,000,000 a year; and in the course of five or six years it will be multiplied accordingly. We shall also find with reference to paints and colors a tariff tax of \$2,130,000 a year; on pigments, colors, and stains there is imposed the enormous burden of a tariff tax of \$79,000,000 a year; on white lead there is the possibility of a tariff tax of \$7,500,000 each year as an added burden heaped upon agriculture and the general consumer; on spirit varnishes alone there is to be imposed a tariff tax of about \$12,000,000 a year; on flavoring extracts there is a tariff tax of over \$8,000,000 a year; on formaldehyde there is imposed a tariff tax of \$875,000 a year; on licorice there is a tariff tax of \$1,400,000 a year; on castor oil—which is another medicinal product although castor oil is not used exclusively for medicinal purposes—there will be a probable tariff tax of \$2,591,600 a year. So it is all through the chemical schedule.

Therefore, though the discussion of this particular item taken alone may not be important, when we take the various items that make up the other paragraphs of Schedule 1—and there are many items included in those paragraphs—we have mounting taxes running into the hundreds of millions of dollars annually as a burden upon the consuming public.

If the chemical schedule is not important to the Senator from Pennsylvania, in my opinion, it is important to the consumers of the country, and therefore it does not become a Senator here on the floor of the Senate to undertake any threatening attitude toward those who are determined to write a tariff bill that will be a decent tariff bill and in the interest of the entire people of America.

Mr. EDGE and Mr. BARKLEY addressed the Chair.

The VICE PRESIDENT. Does the Senator from Wisconsin yield; and if so, to whom?

Mr. BLAINE. I yield first to the Senator from New Jersey.

Mr. EDGE. If the various taxes which the Senator from Wisconsin has itemized honestly represent, after careful investigation, the actual difference in the cost of production in the United States and in foreign countries, wherever they may be—I am simply taking them collectively—then would the Senator feel that it was the wrong theory and the wrong policy so to protect American industry?

Mr. BLAINE. I will answer that question as we come to each item.

The VICE PRESIDENT. Does the Senator from Wisconsin now yield to the Senator from Kentucky?

Mr. BLAINE. I yield the floor.

Mr. BARKLEY. Mr. President, I desire to call the attention of the Senator from Wisconsin to the fact that the duty on the particular item to which this amendment has been offered, unimportant as it apparently may appear to the Senator from Pennsylvania [Mr. REED], was increased in the tariff act of 1922 by 400 per cent. Prior to that date the tariff on this medicinal commodity was 5 cents a pound. In the act of 1922, however, the duty was increased to 20 cents per pound. I am simply seeking to reduce the duty to 18 cents a pound. If the same ratio of increase, 400 per cent, had been carried

through all the tariff schedules, it is easy to understand how, after a very short distance, unimportant items would become very important in the total as affecting the American people.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Kentucky [Mr. BARKLEY] to the amendment reported by the committee. On that question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. SIMMONS (when his name was called). I transfer my general pair with the junior Senator from Ohio [Mr. BURTON] to the junior Senator from Montana [Mr. WHEELER] and vote "yea."

The roll call was concluded.

Mr. OVERMAN (after having voted in the affirmative). I inquire if the senior Senator from Wyoming [Mr. WARREN] has voted?

The VICE PRESIDENT. The Chair is informed that he has not voted.

Mr. OVERMAN. I have a general pair with the senior Senator from Wyoming. I transfer that pair to the senior Senator from Minnesota [Mr. SHIPSTEAD] and allow my vote to stand.

Mr. HAWES. I have a pair with the senior Senator from Kentucky [Mr. SACKETT]. If permitted to vote, I should vote "yea," and I understand the Senator from Kentucky, if present, would vote "nay."

Mr. TYDINGS. I have a pair with the senior Senator from Rhode Island [Mr. METCALF], who is detained from the Senate on account of illness. If he were present and I were permitted to vote, I should vote "yea," and if the Senator from Rhode Island were present he would vote "nay."

Mr. WALSH of Montana. I rise to announce that my colleague [Mr. WHEELER] is absent from the the Senate on account of illness.

Mr. BINGHAM (after having voted in the negative). I have a general pair with the Senator from Virginia [Mr. GLASS]. I transfer that pair to the Senator from Louisiana [Mr. RANSDELL] and allow my vote to stand.

Mr. SCHALL. I wish to announce that my colleague [Mr. SHIPSTEAD] is detained from the Senate on account of illness.

Mr. WATSON (after having voted in the negative). I transfer my pair with the Senator from South Carolina [Mr. SMITH] to the Senator from Maine [Mr. GOULD] and allow my vote to stand.

Mr. FESS. I wish to announce that the Senator from Illinois [Mr. DENEEN] has a general pair with the Senator from Arkansas [Mr. CARAWAY].

The result was announced—yeas 45, nays 33, as follows:

YEAS—45			
Ashurst	Dill	La Follette	Simmons
Barkley	Fletcher	McKellar	Steck
Black	Frazier	McMaster	Stephens
Blaine	George	Norbeck	Swanson
Blease	Glenn	Norris	Thomas, Idaho
Borah	Harris	Nye	Thomas, Okla.
Bratton	Harrison	Overman	Trammell
Brook	Hayden	Pittman	Walsh, Mass.
Brookhart	Heflin	Robinson, Ark.	Walsh, Mont.
Connally	Howell	Robinson, Ind.	
Couzens	Jones	Schall	
Cutting	King	Sheppard	
NAYS—33			
Allen	Goldsborough	Moses	Townsend
Bingham	Greene	Oddie	Vandenberg
Capper	Hale	Patterson	Wagner
Copeland	Hastings	Phipps	Walcott
Dale	Hatfield	Pine	Waterman
Edge	Hebert	Reed	Watson
Fess	Johnson	Shortridge	
Gillett	Keyes	Smoot	
Goff	McNary	Steiwer	
NOT VOTING—17			
Broussard	Gould	Ransdell	Warren
Burton	Hawes	Sackett	Wheeler
Caraway	Kean	Shipstead	
Deneen	Kendrick	Smith	
Glass	Metcalf	Tydings	

So Mr. BARKLEY's amendment to the amendment of the committee was agreed to.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee as amended.

The amendment as amended was agreed to.

Mr. McMASTER. Mr. President, I should like the attention of the Senator from New Jersey [Mr. EDGE].

It appears that during the hearings before the Finance Committee upon cement the Senator from New Jersey was chairman of the subcommittee. The hearings, as published, show that the Senator from New Jersey received a statement from the Tariff Commission in reference to the cost of production of cement in this country and also in Belgium, and also other pertinent information in reference to that subject. The evidence

taken before the committee shows that the Senator from New Jersey showed this report of the commission to witnesses, that the report itself was discussed by witnesses, and that the report was exhibited in a public hearing—in short, that it was a public document.

This morning I telephoned to the Tariff Commission and asked for a copy of the report which was submitted to the Senator from New Jersey. The representative of the Tariff Commission refused to send it to me. He said, however, that they had prepared a special report for the Senator from Utah [Mr. KING], and also that they had prepared a report for the Senator from North Carolina [Mr. SIMMONS]. He said that they would be very glad to send me those two reports, but they refused to send me the report which was sent to the Senator from New Jersey.

First, I desire to say that I have written to the chairman of the Tariff Commission asking for the report which was submitted to the Senator from New Jersey; and if they refuse to furnish it I expect to introduce a resolution asking for it. If there is anything particularly sacred about the report which was submitted to the Senator from New Jersey, he can probably explain it, or some other member of the Finance Committee may explain to us why any Member of the Senate can not get any report which was submitted to members of the Finance Committee during those hearings.

Mr. EDGE. Mr. President, I am at an absolute loss to recall any report that was given me on cement or any other commodity included in the earthenware schedule, or any other schedule so far as that is concerned, surrounding which there was the slightest secrecy.

As the Senator has indicated, reports were furnished to members of the committee during the public hearings of the subcommittees for the purpose of having the information as to imports, exports, and so forth, most of which is practically a duplication of that appearing in the Summary of Tariff Information, which we all have at our command. No doubt, as the Senator has also indicated, the chairman of the subcommittee or other members of the committee asked questions of witnesses, possibly based upon the information in these reports, demonstrating, so far as the chairman was concerned, he considered the reports public documents.

Mr. McMASTER. I agree with that. The Senator from New Jersey showed this report to witnesses for the manufacturers of cement in this country. They questioned certain figures in the report. The report was discussed, and under those circumstances it certainly became a public document.

Mr. EDGE. What does the Senator mean when he states that the Senator from New Jersey showed the report to witnesses? The Senator from New Jersey was sitting as the chairman of the subcommittee with both the Senator from Utah [Mr. KING] and the Senator from Kentucky [Mr. BARKLEY], who, as nearly as I can recall, attended every hearing of the committee. They were very faithful and patriotic in the discharge of their duty, and the Senator from Pennsylvania [Mr. REED] and the Senator from Utah [Mr. SMOOT] most of the time were in attendance on that subcommittee. So if the chairman of the subcommittee referred to the report, or asked witnesses concerning it, it was certainly in no way kept secret and was before every member of the committee.

Mr. McMASTER. I will say to the Senator from New Jersey that the evidence shows that the report was used as a public document, and that the Senator from New Jersey did show it to witnesses. The reason why I brought up this matter here is that when a Member of the Senate asks for a report like that from the Tariff Commission it ought to be forthcoming promptly. There is no reason in the world why that report should be denied; and then they had the impudence to tell a Member of the Senate that they had prepared different reports, one for the Senator from Utah [Mr. KING] and another for the Senator from North Carolina [Mr. SIMMONS], and that they would be very glad to furnish me those two reports, but refused to furnish me the report that was furnished to the Senator from New Jersey or the Finance Committee!

Mr. EDGE. Mr. President, I desire to assure the Senator from South Dakota that, as I said at the outset, I am at a loss to recall any special report; but if I have any report in my possession of which the Senator desires a copy, he is welcome to a copy of it at any time.

Mr. McMASTER. I think that is true. If I can not get that report from the chairman of the commission, of course I shall introduce a resolution calling for it; but I am bringing the matter up here on the floor of the Senate so that when a Member of the Senate asks the Tariff Commission for certain information that he ought to have it shall be forthcoming promptly. There is no reason why it should be denied to him. That information is obtained by the Tariff Commission at the expense of the taxpayers, and it is obtained for the purpose of enlightening

Members of Congress upon the schedules which are under consideration.

Mr. KING. Mr. President, may I say to my friend from South Dakota that if the Tariff Commission ever furnished me a report dealing with cement, I have not seen it. I asked the Tariff Commission to give me what information they had relative to the schedule we are now considering; and I have been furnished, for instance, a sheet dealing with gallic acid, which merely takes excerpts from the Tariff Information Summary. I presume they have sent to my office—but I have not seen it—similar information regarding the ceramic schedule, because I had to do with that; but I have not seen a report on cement, and if any was sent me I am sure it will be found to contain no information except that which the Senator will find in the Tariff Summary.

Mr. EDGE. Mr. President, will the Senator yield?

Mr. KING. Just one word. The Senator from New Jersey said I was present during the hearings on cement. The Senator will recall that on one day during the hearings I was absent; and I was not privileged to hear the testimony on cement. I do not want to claim credit for being present all the time, because on one day I was out of the city.

Mr. EDGE. Mr. President, perhaps it will be useless to ask the Senator from Utah, after his explanation that he was not present on that occasion, the question I was about to ask him. I had forgotten that he was not present; but I was going to ask the Senator if he recalls any special report, not alone on cement but on any commodity, during the days we sat together in the committee, that was not spread on the desk and absolutely available for the use of any member of the committee?

Mr. KING. I will say to the Senator that the only reports I saw during the hearings were the small pamphlets which are incorporated now in the large book before us and which were available to all of us.

Mr. EDGE. I will state to the Senator from South Dakota that that is all I recall. Further, as I have already indicated, if any further reports were received, they were available to any member of the committee.

The VICE PRESIDENT. The Secretary will continue the reading of the bill.

The reading of the bill was resumed.

The next amendment of the Committee on Finance was, on page 3, line 1, after the words "gallic acid," to strike out "10 cents" and insert "8 cents."

Mr. LA FOLLETTE. Mr. President, as a substitute for the committee amendment, I move to strike out "8" and insert "6."

This amendment is on all fours with the one which has just been adopted. Six cents was the rate on gallic acid in the act of 1913. It was increased to 8 cents in the act of 1922, and the House in this bill increased it to 10 cents. The report of the Senate committee puts it back to 8 cents.

Gallic acid is used chiefly in the manufacture of pyrogallol acid, dyes, writing inks, and in medicine. It will be observed by referring to the Summary of Tariff Information, on page 16, that there have been no imports of gallic acid since 1923, when 6,048 pounds, valued at \$2,743, or 45.4 cents per pound, were imported. I also wish to call attention to the fact that the imports from 1919 to 1922, when the rate was 6 cents per pound, were negligible.

The Finance Committee in several instances has reduced the rates of duty on commodities where the imports have been negligible. It seems to me that this duty falls in that category. In view of the fact that there have been no importations for five years, and that prior to that time the commission reports that the importations were negligible, it seems to me we are perfectly safe in going back to the rate fixed in the act of 1913. I therefore have proposed to strike out "8" and insert "6."

Mr. WALSH of Massachusetts. Mr. President—

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Massachusetts?

Mr. LA FOLLETTE. I do.

Mr. WALSH of Massachusetts. As it is very apparent that there is no case made out here for protection, I suggest to the Senator that he make his amendment a lower rate than 6 cents.

Mr. LA FOLLETTE. Mr. President, I should not be willing to do that. I am using the rate employed in the act of 1913, and I feel that I have some basis for that. In view of the fact that imports were negligible even under that rate, I think I am not treading on unsafe ground when I propose 6 cents in lieu of 8 cents.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Wisconsin to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The reading of the bill was resumed.

The next amendment of the Committee on Finance was, on page 3, line 1, after the word "pound," to strike out "nitric acid, one-half of 1 cent per pound."

Mr. KING. Mr. President, as I recall, that acid was transferred to the free list.

Mr. SMOOT. That is correct. It goes to the free list.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The next amendment was, on page 3, after the amendment just agreed to, to insert:

Oleic acid or red oil, $1\frac{1}{2}$ cents per pound.

Mr. COPELAND. Mr. President, am I right in my understanding that the present duty on oleic acid is 25 per cent ad valorem?

Mr. SMOOT. No; the present law is $1\frac{1}{2}$ cents. The House provided a rate of 25 per cent ad valorem. Of course, that fell in the basket clause—25 per cent ad valorem.

Mr. COPELAND. How much difference would there be between 25 per cent ad valorem, as proposed in the House bill, and the $1\frac{1}{2}$ cents suggested here?

Mr. SMOOT. The House rate is practically double the $1\frac{1}{2}$ cents per pound. In other words, the Finance Committee has reduced the duty to practically one-half the House rate.

Mr. COPELAND. Mr. President, we were called together to pass a farm relief bill and a bill which was intended to protect agriculture. Here is a product which is a farm product. Stearic acid and oleic acid are products made from the fat of cattle and hogs and sheep raised on the farms of this country.

I have in my State a concern making candles; and they feel that it is a great mistake that the committee proposes to reduce this duty, and I feel the same way about it.

If this is a product which is of some concern to the farm, and at the same time we have growing industries in this country which need this sort of protection, I think they should have it. The matter has been discussed in the various books referred to this afternoon. Mr. Jordan appeared before the Ways and Means Committee and the Senate Finance Committee asking for these changes, and the plea is made by my constituents that there should be this added protection.

These oils are squeezed out together. The stearic acid and the oleic acid are joint, companion products. They should be taxed alike. They are pressed from tallow and other animal fats.

One of the things which to my mind is important is the preservation in this country of every industry having to do with the saving of fats. One of the great troubles Germany had, and perhaps one of the factors which contributed to the defeat of Germany, was the lack of fats. As I see it, it is very important that we should preserve here in our country this industry in all of its ramifications.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. BARKLEY. The amount of production in this country in 1926 was 31,000,000 pounds. In 1928 it was 64,000,000. The amount of imports in 1928 was 46,000 pounds. It was less than three-twentieths of 1 per cent of the domestic production, and at the same time we exported 6,253,000 pounds.

Mr. COPELAND. What was the importation of stearic acid?

Mr. BARKLEY. I am talking about oleic acid.

Mr. COPELAND. The reason why I asked the question was because they are made together, and protection that is given to one should be given the other.

Mr. REED. Mr. President—

The PRESIDING OFFICER (Mr. Fess in the chair). Does the Senator from New York yield to the Senator from Pennsylvania?

Mr. COPELAND. I yield.

Mr. REED. It is true that they are made together, but the imports of the oleic acid are less than one-tenth of 1 per cent of the domestic production, while of the stearic acid the imports so far this year, I am told, have been about 20 per cent of the domestic production. The committee felt that the increased protection given by the House was justified in the case of the stearic acid, and was not in the case of oleic acid.

Mr. COPELAND. I want to call attention again to the fact that these two products are pressed out of tallow together.

Mr. REED. That is very true; but they are not imported together.

Mr. COPELAND. No.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. SMOOT. I want to call attention to the fact that there is 7.2 per cent of this product exported. We are exporting

oleic acid, and we are importing the stearic acid in the large quantities referred to by the Senator.

Mr. COPELAND. If the great exponent of the American protective tariff is against me, there is no use in discussing the matter at all.

Mr. KING. Mr. President, there is a difference between oleic acid and stearic acid, there being more hydrogen in the latter than in the former. One is a hard acid and the other, as I recall, is called a soft acid and is used largely for soap. There are chemical constituents in one not in the other.

Mr. COPELAND. That is true.

Mr. KING. As stated, we export a great quantity, and imports are but fifteen one-hundredths of 1 per cent.

Mr. COPELAND. Many industries are founded on chemistry; for instance, the corn-products industry. There is a tremendous demand in this country for corn oil. It is the equivalent of olive oil, has all of its uses, and is a very wholesome cooking oil. Of course, there is a great demand in our country for cornstarch, but another product which is inseparable from the manufacture of corn oil and cornstarch is corn sugar. It is impossible, by reason of certain objections on the part of the Agricultural Department to the sale of unlabeled corn sugar, to get rid of it. Therefore, there piles up such a lot of this surplus corn sugar that it takes much of the profit off of the corn oil and the cornstarch.

There is a similar process in this case, where there is pressed from a product of the farm, from the fats of the farm, at the same time, stearic acid and oleic acid. Unless both are protected the same way, if there is brought in a large amount of the one product, there will no object, then, and no incentive, to manufacture the other. The point of this appeal is that they should be treated exactly alike, and whatever protection is given one should be given the other.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. SHEPPARD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. SHEPPARD. Are individual amendments to parts of the bill where the committee has presented no amendment in order now?

The PRESIDING OFFICER. Under the agreement not until the committee amendments are acted on. The clerk will state the next amendment.

The CHIEF CLERK. The next amendment is, on page 3, line 6, where the committee proposes to strike out "15 cents" and to insert in lieu thereof "12 cents," so as to read:

Pyrogalllic acid, 12 cents per pound.

Mr. LA FOLLETTE. Mr. President, I move to strike out "12" and to insert in lieu thereof "10," so that it would read:

Pyrogalllic acid, 10 cents per pound.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. SHEPPARD. Mr. President, I give notice that when we reach the stage where individual amendments will be allowed it is my intention to offer an amendment providing that phosphoric acid, when imported for use in the manufacture of fertilizer material, shall be admitted free of duty.

The PRESIDING OFFICER. The Senator will have that opportunity. The Secretary will state the next amendment.

The CHIEF CLERK. The next amendment is on page 5, line 22, where the committee proposes to strike out "\$1" and to insert in lieu thereof "50 cents," so as to read:

Amber and amberoid unmanufactured, not specially provided for, 50 cents per pound.

Mr. KING. Mr. President, may I inquire of the chairman of the committee what was done with the item of formic acid?

Mr. SMOOT. No change has been made. The House rate has been preserved.

Mr. REED. Mr. President, the Senator from Utah has asked what was done as to formic acid. That is taxable at 4 cents a pound under the present law, and the House did not change the rate, and the Finance Committee made no change.

Mr. WALSH of Massachusetts. Will the Senator from Utah state what the rate of duty on the product named in this amendment was under the act of 1913?

Mr. SMOOT. One dollar a pound.

Mr. WALSH of Massachusetts. This is a reduction from the House rate and the 1913 rate?

Mr. SMOOT. Yes.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. SMOOT. Mr. President, there is a committee amendment to be offered on page 5, line 7, to strike out "2 cents per pound" and to insert in lieu thereof the words "shall be subject to the same rate of duty as antimony regulus or metal." That then will fall in paragraph 376, page 108.

Mr. WALSH of Montana. What would be the effect of the change?

Mr. SMOOT. The effect would be to place this in the antimony paragraph. There is a sliding scale imposed in that paragraph on the metal. This would simply put the same rate on the antimony oxide as provided for in paragraph 376, page 108.

Mr. LA FOLLETTE. Would this increase or decrease the duty, or would the duty remain the same?

Mr. SMOOT. In paragraph 376 there is a sliding scale imposed. We take the oxide and put it there, so that we will have all of the items together.

Mr. WALSH of Montana. What is the current price of oxide of antimony?

Mr. SMOOT. Ten to 11½ cents; about 10 cents.

Mr. WALSH of Montana. If it were from 10 to 11 cents a pound the rate would simply be 2 cents a pound, just as it now stands?

Mr. EDGE. Exactly.

Mr. WALSH of Montana. The effect, then, would be practically that it would remain exactly as it is in the bill, at 2 cents a pound?

Mr. SMOOT. On to-day's price that is what it would be.

Mr. EDGE. Mr. President, if I may just say a word: As is well known, the present duty on antimony metal and oxide is exactly the same, 2 cents a pound, so that it would be inconsistent to attempt to act on this rate under the chemical schedule until the Senate decided finally what the rate would be on the metal. For that reason it is simply a transfer of the item from the antimony schedule to the metal schedule, and the Senate can later decide what rate it will grant.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 5, line 7, to strike out "2 cents per pound" and to insert in lieu thereof the words "shall be subject to the same rate of duty as antimony, regulus or metal."

Mr. REED. Mr. President, antimony comes in mostly from China, in two forms one as the metal and one as the oxide. Sometimes after it gets here the oxide is made out of the metallic antimony, and sometimes the metallic antimony is reduced from the oxide.

It is rather a simple chemical process, I am told, to go in either direction. Obviously the duty on the oxide ought to correspond with the duty on the metal. I suppose the antimony has fluctuated almost more extravagantly than any of the other metals, all the way from 4½ cents up to 26 cents a pound in the last 10 years.

The committee thought it was an appropriate case to put a sliding scale on antimony, giving it protection when it was very low and taking off the protection entirely when the price got away up to the point where the domestic smelters got to making a big profit. Whether the Senate is going to agree with that or not we do not know, but the action in paragraph 7 on antimony oxide ought to correspond with the eventual decision of the Senate on antimony metal in paragraph 376. The effect of the amendment now suggested would be to provide that whatever ultimately is decided to be the policy with regard to antimony metal it shall apply equally to the oxide which is inserted in this paragraph.

Mr. KING. I am not so sure that there is that perfect relation between oxide and the pure metal, as that one should carry exactly the same duty as the other.

Mr. REED. I am not enough of a chemist to say that they are metallurgically the same, but I am pretty well convinced that they are from the fact that the price is almost exactly the same. At the present moment I understand they are quoted at about 10½ or 10¾ cents a pound.

Mr. SMOOT. Not only that, but in all the tariff acts from 1909 on they have both carried the same rate. It seemed to the committee that we should have it in just the one place, as we have done here, instead of in two places.

Mr. KING. The Senator will recall that a gentleman appeared before the subcommittee who was very much interested in the erection of a smelter on the American side of the Mexican border, hoping thereby to bring ores in from Mexico and have them treated on the American side. He suggested a sliding scale. I ask for information, because I do not know what the committee did. Did they adopt the views of Mr. Henderson, and are they going to permit a sliding scale as a basis for assessing duties upon the oxide or upon the finished product?

Mr. REED. The majority members of the committee did not agree with his expressed wish. We thought he was asking too

much duty. The sliding scale we have fixed is very materially different from the one that he suggested, and he is very much dissatisfied with it and has written us many letters on the subject.

Mr. KING. Does this in any way commit us to the adoption of a sliding scale, which, as the Senator remembers, was repudiated by the committee as applied to sugar?

Mr. REED. This is very different from sugar.

Mr. KING. I know the difference between antimony and sugar, but I wondered whether if we should apply a sliding scale to antimony and antimony oxide it might not be applied to other commodities.

Mr. REED. This does not commit us to anything. To answer the question about sugar, I am only speaking for myself, but if sugar went all the way from 4½ cents to 26 cents I would be in favor of a sliding scale on sugar, because it is obviously unnecessary to protect the American grower at 26½ cents. If he gets that much, he does not need any protection.

Mr. KING. Obviously it did go to 26 and 30 cents.

Mr. SMOOT. But the American producer never got it.

Mr. KING. Oh, yes.

Mr. SMOOT. Oh, no.

Mr. KING. The middleman got it. Is it to be understood that in accepting this amendment it does not commit us finally to the theory of a sliding scale which might be presented to us?

Mr. REED. That is what I have tried to state. The Senate is not committing itself to anything by adopting the amendment. We merely provide that the two substances shall be treated alike as they have been in the past.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The PRESIDING OFFICER. The next amendment will be stated.

The CHIEF CLERK. On page 5, line 25, after the word "pound," insert a semicolon and the words "tragasol and carob gum, 20 per cent ad valorem."

Mr. WALSH of Massachusetts. Mr. President, I should like to inquire why this commodity was changed over from the free list?

Mr. SMOOT. I wish to say to the Senator that I shall ask that the amendment be rejected.

Mr. WALSH of Massachusetts. I understand the majority members of the committee recommend disagreement to the amendment. I am glad to hear that.

Mr. EDGE. Mr. President, permit me to say just a word in explanation of the amendment. As the bill provides, the committee originally reported tragasol and carob gum at 20 per cent ad valorem. It was formerly on the free list. In the meantime the House bill transferred the locust bean, from which this commodity is manufactured, from the dutiable list to the free list. Assuming that the Senate will acquiesce in that action when we reach the free list—in other words, that the locust bean will remain on the free list—then it is obvious that the duty provided on this article is not necessary. I merely give this explanation at this time because should the Senate decide to transfer the locust bean back to the dutiable list, then the compensatory duty is absolutely necessary.

Mr. WALSH of Massachusetts. Mr. President, may I inquire of the Senator if this commodity is used by the textile industry exclusively?

Mr. REED. Tragasol oil is a British production that is used almost entirely in the textile and leather industries, I think. I may say further that the justification of the duty was that an American concern had developed a new product known as lupogum, serving a similar purpose, which is made from the locust bean imported to this country. If the locust bean comes in free, there is no reason for a duty on lupogum.

Mr. WALSH of Massachusetts. Mr. President, I should like to have inserted in the Record at this point a letter bearing on this subject.

The PRESIDING OFFICER. Without objection, leave is granted.

The letter is as follows:

FALL RIVER, September 21, 1929.

H. R. 2667, re tragasol and carob gum, section 1, paragraph 11.

HON. DAVID I. WALSH,

Senate Office Building, Washington, D. C.

DEAR SIR: We refer to the testimony of S. E. Tylee, jr., of Jacques Wolf & Co., who appeared in behalf of this company before the Senate Finance Committee, and testified regarding a proposed duty on imports of tragasol and carob gum, and as a result of whose testimony it was proposed to levy a duty of 20 per cent upon such material.

We notice several absolutely discordant statements in his testimony, as follows:

Mr. Tylee admits that his product, "lupogum," costs, with the duty removed on locust seed as proposed in House bill 2667 and concurred in by the Senate, 20 cents per pound, while he testifies that similar imported material costs 21 cents per pound landed in New York. This, of course, gives him a lower cost by 5 per cent under the present conditions.

His testimony as regards the cost of his raw material is not borne out by our information as regards the cost of the seeds, as we have a quotation of a recent date on this material at a price half that mentioned by Mr. Tylee.

Moreover, he testifies that this foreign material, which costs 21 cents landed in New York, sells for 26 cents to 30 cents per pound to the consumer. These figures give a profit to Jacques Wolf & Co. of from 30 to 50 per cent on sales.

We are handlers of a competitive material, "Gum Farinol," a copyrighted name owned by the Borden & Remington Co., and we know that Mr. Tylee's figures regarding the cost of imported material are approximately correct. We know that an increase in price of this material, through an imposition of any duty, would necessarily be borne by the consumer, which consumer is largely the textile trade, now laboring, as you know, under many disadvantages.

In view of the profit which it appears Mr. Tylee's company has already upon this product, and the fact that his cost at the present time is lower, according to his own figures, than imported material, we do not see any adequate reason for the imposition of a duty on tragacanth and carob gum, which has heretofore been imported free.

Very truly yours,

BORDEN & REMINGTON CO.,
H. F. LAMTOR,
Manager Providence Division.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. HARRISON. I understood the chairman of the Finance Committee to state that the committee recommend disagreement to the amendment.

Mr. EDGE. That is entirely correct.

The amendment was rejected.

The PRESIDING OFFICER. The next amendment will be stated.

The CHIEF CLERK. The next amendment is in paragraph 11, page 6, line 1, after the amendment rejected, where the committee proposes to strike out the semicolon and the words "bleached shellac, 20 per cent ad valorem."

Mr. SMOOT. Mr. President, I will say that if this amendment is agreed to, it sends bleached shellac to the free list.

Mr. KING. Back to the free list?

Mr. SMOOT. Yes.

The amendment was agreed to.

The PRESIDING OFFICER. The next amendment will be stated.

The CHIEF CLERK. On page 6, paragraph 15, line 15, strike out "\$1.50" and insert "\$1," so as to read:

Caffeine, \$1 per pound.

The amendment was agreed to.

The next amendment of the Committee on Finance was, on page 6, line 16, after the word "citrate," to strike out "90 cents" and insert "60 cents," so as to read:

Caffeine citrate, 60 cents per pound.

Mr. KING. Mr. President, that goes back to the present rate?

Mr. SMOOT. No; it is a reduction under the present law. In the present law it is 25 per cent ad valorem. The 60 cents a pound, however, is about the same at 25 per cent ad valorem.

Mr. WALSH of Montana. Mr. President, we are provided with this rather elaborate Comparison of Rates giving the rate in the 1922 act and wherever it is specific transferring it to ad valorem, but there is no index and it is practically valueless to us. We ought easily to be able to turn to this document and get an exact answer to the question addressed to the senior Senator from Utah by his colleague.

Mr. SMOOT. It is given in paragraphs. The Senator will find the information under paragraph 15, if he will turn to it.

Mr. BINGHAM. If the Senator will look on page 5 in the fourth column he will see that the paragraphs are numbered in accordance with the order in which we take them up.

Mr. WALSH of Montana. So that using the text of the bill which we have before us, we refer, then, to column 3?

Mr. BINGHAM. Yes.

Mr. BARKLEY. Mr. President, I would like to ask the Senator from Utah a question. I see that in the present law caffeine is taxed at \$1.50 a pound, and then compounds of caffeine at 25 per cent ad valorem. The committee have reduced the tax on caffeine in the present bill from \$1.50 to \$1. Then they specify caffeine citrate at 60 cents a pound, and then

under that "compounds of caffeine" at 25 per cent ad valorem. Why did the committee pick out caffeine citrate to have a specific tax on, which is not in the present law, and then put 25 per cent ad valorem on the caffeine compounds?

Mr. SMOOT. The 60 cents a pound carries a compensatory duty for the citrate.

Mr. BARKLEY. Is not that already included in the present law with the 25 per cent ad valorem?

Mr. SMOOT. It is included in the present law with the 25 per cent ad valorem.

Mr. BARKLEY. Then, if it is included in the 25 per cent ad valorem, why specify it in this way? Why not include it in the 25 per cent ad valorem?

Mr. SMOOT. The House put on a specific duty and we struck it out.

Mr. BARKLEY. Why specify the particular caffeine product at 60 cents a pound when that is equivalent to 25 per cent ad valorem?

Mr. REED. Mr. President, if the Senator will yield—

Mr. BARKLEY. Certainly.

Mr. REED. My recollection is that the reason why we changed the caffeine citrate was to correspond with the reduction we made in the duty on citric acid. I think it is a reduction. We changed it all the way through in the elements that go into the manufacture of caffeine citrate. We changed it in citric acid and here we change it in caffeine. I think perhaps we have reduced it below the point where the duty is compensatory. We thought we could safely take a chance because the imports are not very large.

Mr. SMOOT. It is approximately the same as 25 per cent ad valorem.

Mr. KING. Mr. President, I would like to ask my colleague or the Senator from Pennsylvania why caffeine itself was not reduced below \$1 a pound, because the production effected constitutes 93.96 per cent ad valorem. It seems to me, in view of the purpose for which caffeine is used and the almost negligible imports, if I read it correctly, there ought to be a greater reduction.

Mr. SMOOT. The foreign cost of caffeine is about \$1.05 and it costs in the United States to make it from \$2 a pound up—sometimes little more than \$2 and sometimes up to \$2.10 or \$2.25. We simply give them a dollar a pound instead of the \$1.50 as provided by the House.

Mr. KING. I confess I am unable to understand why there should be such a disparity in that case. It is an alkaloid and it is easily made. Its cost, it seems to me, would be less in the United States than abroad because of our superior chemical processes and our greater efficiency in chemistry than particularly in China.

Mr. REED. The best answer to that is the actual practice when they had the duty of \$1 a pound. Under the Underwood bill the rate on caffeine was \$1 and the imports were very considerable, amounting to several thousand pounds a year. We are putting the rate back to what it was under the Underwood bill, and it is reasonable to expect the imports will jump up to about what they were then.

Mr. KING. The Senator knows that the imports then were small, and, of course, now they are inconsequential.

Mr. REED. That is true, and that is why we have reduced the duty.

Mr. HARRISON. Mr. President, the Senator from Utah has stated several times the cost of production of these various chemicals in the United States. Where does he get that information?

Mr. SMOOT. I get it from the Tariff Commission.

Mr. HARRISON. The Tariff Commission has made no investigation as to these particular items. Is the Senator merely giving some facts presented to the Tariff Commission by some concern in the United States? As a matter of fact, the explanation comes from some producer here, does it not?

Mr. SMOOT. No. The Senator will find all the information if he will look in the Summary of Tariff Information.

Mr. HARRISON. I have here the Tariff Summary.

Mr. SMOOT. The Senator will find it in that document.

Mr. HARRISON. The duty on caffeine citrate is 25 per cent ad valorem under the present law. The Senator says 60 cents is about the same. I notice in the hearings before the Ways and Means Committee it was stated that—

The 25 per cent protection on caffeine citrate amounts to about 40 cents.

So those who are interested in it say the protection amounts to 40 cents, but the Senator says it amounts to 60 cents. Who is right?

Mr. SMOOT. If the Tariff Commission is right, then 60 cents is right. It is a compensatory duty.

Mr. HARRISON. The statement is from F. W. Russe, representing the Mallinckrodt Chemical Works, of St. Louis, which are engaged in the manufacture of the chemical. That is his statement.

Mr. SMOOT. And he wanted 90 cents instead of 60 cents.

Mr. KING. Mr. President, I should like to reserve the right upon further investigation to move to reduce the duty on caffeine to an ad valorem rate instead of a specific rate of \$1. I should like to reduce it to 25 per cent ad valorem. I shall not press the amendment this evening, if it will be agreeable to my friends upon the other side to let the item go over until to-morrow morning, when I will be perfectly willing to present such views as I may have in regard to the matter.

Mr. SMOOT. Does the Senator mean to reduce the duty on caffeine to 25 per cent ad valorem?

Mr. KING. I am speaking of caffeine.

Mr. SMOOT. That would simply mean the transfer of the industry to Europe; there can be no doubt about that.

Mr. KING. A rate of 25 per cent ad valorem would do that?

Mr. SMOOT. A rate of 25 per cent ad valorem, in my judgment, would mean that the chemical would not any longer be made in the United States.

Mr. KING. The Senator makes that statement?

Mr. SMOOT. Yes; and I think the findings of the Tariff Commission will justify it fully.

Mr. KING. I do not care to argue it further at this time.

Mr. SMOOT. Very well, if the Senator wants the amendment to go over until to-morrow, if it is going to take further time to-night, I have no objection to that being done.

Mr. KING. Then I ask that it may go over until to-morrow.

Mr. REED. Mr. President—

Mr. KING. I yield to the Senator from Pennsylvania.

Mr. REED. I wish to correct a statement that I made a moment ago. With the duty on caffeine at a dollar, as we have fixed it, and with the duty on citric acid at 17 cents, as we have fixed it, both being reductions from the rates in the House bill, the proper compensatory duty on caffeine citrate, we are told by the experts of the Tariff Commission, is 61 cents. So far my statement was correct. Sixty cents is approximately a compensatory duty on the two basic chemicals used for the manufacture of the commodity. But I was in error when I said that it is less than 25 per cent. The price of caffeine citrate is about \$2.10, and 25 per cent thereof would be 52½ cents. So a 25 per cent duty is not sufficient to compensate for the duties on the raw materials that go into this chemical. In fixing it at 60 cents we do not make it quite compensatory, but if we are going to leave the duty at a dollar on caffeine and 17 cents on citric acid, then 60 cents is approximately just. If we are going to reduce them below those figures, then we could reduce the compensatory duty on the caffeine citrate.

Mr. KING. Will the Senator from Pennsylvania permit another inquiry?

Mr. REED. Certainly.

Mr. KING. I ask for information. What is the relation between caffeine and caffeine citrate? Of course, citrate is entirely a different acid from caffeine and is produced from entirely different chemicals. To what extent is caffeine utilized in the manufacture of citrate of caffeine, and what is the relation between them?

Mr. REED. I take it from the name that caffeine citrate is caffeine plus the citric acid plus oxygen. I think that is correct. The citrate is the oxygenated product of citric acid, is it not? I may be wrong about that; but, at all events, it is the compound that results from the citric acid and the caffeine, and it is the form in which it is used in medicine.

Mr. KING. Then, as I understand the Senator, caffeine is used in the manufacture of a sort of citrate compound which is employed for medicinal purposes?

Mr. REED. That is correct.

Mr. KING. It is the combination of the citrate and of the caffeine?

Mr. REED. Yes.

Mr. HAWES. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Missouri?

Mr. KING. I yield the floor.

Mr. HAWES. Mr. President—

The VICE PRESIDENT. The Senator from Missouri.

Mr. HAWES. Unless the objection is serious, I hope the Senator from Utah will not insist upon an amendment, and will not ask that the item go over. I am sure he will be convinced that it should remain as the committee has left it, as in its present form it represents a reduction. I know the manu-

facturers are struggling under present conditions, and I hope that the Senate committee amendment will be agreed to.

Mr. KING. Mr. President, we have accepted the \$1 reduction. I merely stated that upon further consideration I might desire to recur to it to-morrow.

Mr. SMOOT. May I suggest to my colleague that we agree to these amendments now, and if the Senator desires to bring them up again he shall have that privilege?

Mr. KING. That is entirely agreeable.

The VICE PRESIDENT. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The VICE PRESIDENT. The next amendment will be stated.

The CHIEF CLERK. In paragraph 15, page 6, line 18, after the word "pound," it is proposed to strike out:

Impure tea, tea waste, tea siftings and sweepings, for manufacturing purposes in bond, pursuant to the provisions of the act of May 16, 1908, entitled "An act to amend an act to prevent the importation of impure and unwholesome tea, approved March 2, 1897," and the act of May 31, 1920, entitled "An act making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1921," 1 cent per pound.

Mr. McKELLAR. Mr. President, will the Senator from Utah explain that amendment?

Mr. SMOOT. The Finance Committee think the items embraced in the portion stricken out ought to go on the free list, and that is where we have recommended they be put.

The VICE PRESIDENT. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The VICE PRESIDENT. The next amendment will be stated.

The CHIEF CLERK. In paragraph 16, on page 7, line 1, after the word "carbide," it is proposed to insert the words "one-half of," so as to read:

Calcium carbide, one-half of 1 cent per pound.

Mr. SMOOT. Mr. President, there are one or two Senators who are absent to-day who wanted to be here when this amendment was considered. Therefore I am going to ask that it may go over to-night, to be taken up to-morrow morning.

Mr. COPELAND. Before the Senator makes that request, let me ask if there is some hope that the committee may recommend a change in the language of this amendment?

Mr. KING. To transfer it to the free list?

Mr. COPELAND. No; to leave the duty at 1 cent, where it is now?

Mr. KING. I hope not.

Mr. SMOOT. That is what the majority members of the committee have agreed to, and it will come up to-morrow for discussion.

The VICE PRESIDENT. Without objection, the amendment will be passed over.

Mr. HARRISON. Mr. President, the majority members of the committee agreed to what?

Mr. SMOOT. Agreed to disagree to the Senate committee amendment, so that calcium carbide will carry the House rate of 1 cent per pound.

Mr. HARRISON. In other words, a majority of the majority members of the committee agreed first to one-half of 1 cent a pound?

Mr. SMOOT. Yes.

Mr. HARRISON. And now they have agreed to disagree to that and want to put a duty on the chemical of 1 cent a pound?

Mr. SMOOT. That is the situation.

Mr. HARRISON. Can the Senator tell us why the change?

Mr. SMOOT. I will be glad to do so when it comes up to-morrow.

Mr. HARRISON. Now is a very good time to tell us what came over the spirit of the dreams of the majority members of the committee to induce them to increase the rate from a half cent to 1 cent.

Mr. SMOOT. I want the Senator to have a good night's rest.

Mr. HARRISON. I can not have that very well unless I have an explanation from the Senator.

Mr. SMOOT. I ask that the amendment go over until to-morrow.

The VICE PRESIDENT. Without objection, the amendment will be passed over.

Mr. McKELLAR. I should like to know whether the action was taken by a majority of the majority members of the committee or by a majority of the committee?

Mr. SMOOT. It was taken by a majority of the majority members.

The VICE PRESIDENT. The next amendment will be stated.

The CHIEF CLERK. In paragraph 18, page 7, line 6, after the words "carbon tetrachloride," it is proposed to strike out "2½ cents" and insert "2 cents," so as to read:

Carbon tetrachloride, 2 cents per pound.

The VICE PRESIDENT. The question is on agreeing to the amendment reported by the committee.

Mr. KING. One moment, Mr. President.

Mr. McKELLAR. What is the present rate?

Mr. SMOOT. It is 2 cents.

Mr. REED. The present rate is 2½ cents under the act of 1922.

Mr. SMOOT. I thought the Senator from Tennessee asked what was the rate provided in the bill.

Mr. McKELLAR. No.

Mr. SMOOT. There has been a decrease from 2½ cents in the act of 1922 to 2 cents as reported by the Finance Committee.

Mr. LA FOLLETTE. Mr. President—

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Wisconsin?

Mr. SMOOT. I yield.

Mr. LA FOLLETTE. Will the Senator from Utah please explain how the committee arrived at a 2-cent duty? There seem to have been no imports at all, according to the comparative print.

Mr. SMOOT. In 1923 the price was 10 cents a pound.

Mr. LA FOLLETTE. The domestic price?

Mr. SMOOT. The wholesale price in the United States was 10 cents a pound. Since that time the price has declined to 6¼ cents a pound. The production has so increased in the United States that the price has been cut down so there is not very much profit in the manufacture of the chemical. That being the case, and under those circumstances, the committee thought they would not increase the rate from that provided in the present law, but that it would be well at least to give the producers that rate, because competition has brought the price down over 40 per cent. I think the case made out was a very good one.

Mr. KING. Mr. President, I should like to have the amendment go over; and I will say for the information of my colleague that I shall move to amend the committee amendment by reducing the rate from 2½ to 1 cent.

Mr. SMOOT. The committee has reported an amendment which reduces the rate from 2½ to 2 cents.

Mr. KING. I say, with my present information, I am not satisfied with the reduction recommended by the committee, there being no imports.

Mr. SMOOT. Mr. President, I was telling the Senator from Wisconsin why the imports are very small. Competition has been very keen in this country; the American wholesale selling price since 1923 has been reduced about 40 per cent, and that has happened under a 2½-cent rate. That being the case, the competition being so keen, the committee thought at least we should not reduce the duty more than half a cent.

Mr. WALSH of Montana. Mr. President, I should like to inquire of the Senator how there can be competition if there are no imports? The Tariff Summary tells us there have not been any importations since 1920.

Mr. SMOOT. I referred to local competition among manufacturers in the United States.

Mr. WALSH of Montana. Competition among American producers?

Mr. SMOOT. Yes. That competition is shown in the price for which the product sells to-day as against the price in 1923. In other words, Mr. President, I do not know whether the Senator heard what I said in the first place or not. In 1923 the regular wholesale price in the United States was 10 cents a pound. To-day it is 6¼ cents a pound.

Mr. WALSH of Montana. And yet there are no imports.

Mr. SMOOT. But under that decrease from 10 cents to 6¼ cents the rate has been 2½ cents; so the committee thought at least the manufacturers here could stand a half-cent reduction. If the duty is taken off entirely, however, there is no telling what may happen to the local manufacturers.

Mr. WALSH of Montana. That is what I should like to inquire about. Upon what basis is the 2-cent rate fixed?

Mr. SMOOT. From what I understand, Mr. President, there was very, very little profit to the manufacturers in the 6¼-cent price, on account of the competition being so keen.

Mr. WALSH of Montana. At any rate, at 2 cents a pound no imports have come in.

Mr. SMOOT. With the rate of 2½ cents a pound, the Senator means; but if there should be a decrease of more than a half cent, below 2 cents a pound, it may allow these importations to come in.

Mr. WALSH of Montana. It seems to me that is a remarkable basis upon which to establish tariff rates. There are no importations at all.

Mr. LA FOLLETTE and Mr. EDGE addressed the Chair.

The VICE PRESIDENT. Does the Senator from Utah yield; and if so, to whom?

Mr. SMOOT. I yield to the Senator from Wisconsin.

Mr. LA FOLLETTE. Mr. President, I should like to call attention to the fact that apparently the domestic price of carbon tetrachloride has remained the same since 1925; namely, 6¼ cents. According to the Summary of Tariff Information, in 1928 the German inland price of carbon tetrachloride, including packing, varied from 7.78 to 8.64 cents per pound, and the export price varied from 8.80 to 8.93 cents per pound, which would indicate that our domestic producers are producing it very much more cheaply than it can be produced in Germany.

Mr. SMOOT. I have called attention to why that is. The competition has brought that about. There is not any doubt about that; and, from what I understand, at the price at which this product is sold there is scarcely any profit at all in it. Of course, that competition may not exist year in and year out in the future.

Mr. LA FOLLETTE. If competition is established in price, apparently it has been continuing since 1925; and it would seem to me, on the basis of the facts we have presented here, that a further reduction, below 2 cents, would be justified, unless the Senator can present something more than the general statement to the effect that it is his information that the producers of this commodity since 1925 have been in such hot competition with each other that they have been losing money.

Mr. SMOOT. Mr. President, the Senator must admit, then, that the rate of 2½ cents imposed under existing law has not cost the American consumer anything, because, if the price in Germany is higher, then the tariff has nothing to do with it.

Mr. LA FOLLETTE. Yes; I agree with that, but, of course, that would not be a justification for leaving the rate at 2 cents.

Mr. SMOOT. The 2½-cent rate has not been a burden upon the consumer in the United States of products made by the American manufacturer.

Mr. LA FOLLETTE. No; I understand, but I trust that the committee, in proceeding to arrive at the proper rates to be imposed upon these various commodities, has been going on a more scientific basis than that. The reason why I was inquiring of the Senator at the outset as to how the committee arrived at the figure of 2 cents was because, from the facts set forth in the Summary of Tariff Information, it would appear that a further reduction would be justified.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. SMOOT. Yes; I yield.

Mr. HARRISON. I understood the Senator to say that there had been no importation in the last few years because the price was so low—6 and a fraction cents a pound.

Mr. SMOOT. The importations have been negligible.

Mr. HARRISON. How does the Senator explain the fact that there were no importations in 1923, when the price was 10 cents a pound?

Mr. SMOOT. I suppose at that time the rate of 2½ cents a pound protected the American industry. That is what I think it did.

Mr. HARRISON. As a matter of fact, it is hard to explain, is it not?

Mr. SMOOT. No; it is not hard to explain at all. At that time the rate of 2½ cents, if it cost 8½ cents in Germany, would make the price 11 cents a pound, a cent more than it sold for here.

Mr. WALSH of Montana. Mr. President, this matter presents an astonishing situation. The domestic price of this commodity is 6¼ cents a pound, according to the latest quotations. According to the same source of information, the German price is 7.78 cents to 8.64 cents per pound, and yet we are putting a duty of 2 cents a pound on it. Upon what theory can anything of the kind be justified?

Mr. SMOOT. The only theory upon which it can be justified is that there are four large manufacturers of this product in the United States, and, if the reports are correct, the price of 6¼ cents will not net them a single cent, and in some cases it will represent a loss.

Mr. LA FOLLETTE. How does the Senator know that?

Mr. SMOOT. I know it from the testimony given by the manufacturers themselves. I know it also from information received through the Tariff Commission.

Mr. LA FOLLETTE. Does the Tariff Commission take the responsibility for the statement that these four large manufacturers are manufacturing this product at a loss?

Mr. SMOOT. I did not say that.

Mr. LA FOLLETTE. That is what I understood the Senator to say.

Mr. SMOOT. I said that more than likely they were. I do not know whether they are or not; but I said the competition was such that they were selling the product cheaper in the United States than it could be purchased from Germany and shipped into the United States.

Mr. LA FOLLETTE. Has the Senator a statement from the Tariff Commission, or will he ask the expert who is sitting next to him there, what the actual position of the Tariff Commission is on this matter?

Mr. SMOOT. I do not think the Tariff Commission ever suggests rates at all.

Mr. LA FOLLETTE. I thought the Senator had been told by the Tariff Commission that these people probably were making the product at a loss.

Mr. SMOOT. I made that statement, Mr. President. I did not say that the Tariff Commission made it. I said that with the 6¼-cent price, and the four large concerns in the United States fighting for the business, more than likely they were not making any money, and perhaps some of them were losing money.

Mr. LA FOLLETTE. The Senator may have misspoken himself, but he certainly said that he got the information from the Tariff Commission; and if the Tariff Commission has any information as to the costs of these manufacturers, and has made it available to the Senator from Utah, I think it should be made available to the Senate.

Mr. SMOOT. The Senator from Utah said that he got from the Tariff Commission the prices at which the product was sold in the United States and what the German product cost. That is what he got from the Tariff Commission. Then I made the statement that there were four large concerns in the United States making the product, that their competition was most keen, and they were fighting for the business; and I expressed the opinion that more than likely they were selling the product at cost, and perhaps some of them were compelled to sell it below cost. The Tariff Commission did not say that. I said that.

Mr. LA FOLLETTE. Then I asked the Senator where he got that information, and he said he got it from the Tariff Commission.

Mr. SMOOT. No; I thought the Senator asked where we got the prices that he was reading from the Tariff Summary.

Mr. LA FOLLETTE. Oh, well, I had been reading from the Tariff Summary before that.

Mr. SMOOT. That is the information we got from the Tariff Commission.

Mr. LA FOLLETTE. Mr. President, I move to strike out "2 cents" and insert "1 cent."

Mr. EDGE. Mr. President, I simply want to remind the Senator, although the information is not available at the moment in the Summary of Tariff Information, that it is my recollection that prior to 1920 the imports were quite considerable. The act of 1922 fixed the rate of 2½ cents per pound. I am simply stating that without definite information, but I think it should be looked up.

Mr. KING and Mr. LA FOLLETTE addressed the Chair.

The VICE PRESIDENT. Does the Senator from New Jersey yield; and if so, to whom?

Mr. EDGE. I yield to the Senator from Utah.

Mr. KING. Suppose they were considerable?

Mr. EDGE. I should assume that that is the reason why, in preparing the bill of 1922, the duty of 2½ cents was imposed; and since that period, as is stated in the Tariff Information Summary, the imports have been negligible. The only point is, if my recollection is correct—I have already stated that I have not the figures, because they are not in the record here—that if the imports were considerable prior to that time, it would seem to me that the justification for the 2 cents a pound duty would be quite apparent, so that the importations would not again increase.

Mr. LA FOLLETTE. Mr. President, all the information we are able to get is the assumption or deduction, whichever one might prefer, of the Senator from Utah that these four large producers in the United States have been competing with each other so hotly that he thinks they are probably producing at a loss, or that some of them may be. Then we have the statement of the Senator from New Jersey, the chairman of the subcommittee, that he has not the figures before him, but that his recollection is that these imports were quite considerable before 1922, although the Summary of Tariff Information does not disclose that fact.

Mr. EDGE. Mr. President, will the Senator yield so that I may correct him?

Mr. LA FOLLETTE. I yield.

Mr. EDGE. I simply want to correct the Senator. I was not chairman of the subcommittee.

Mr. LA FOLLETTE. I beg the Senator's pardon. I hope the Senator is not trying to relieve himself of any responsibility.

Mr. EDGE. No; but the Senator attempted to qualify his statement that he had the impression that the imports were very much larger before, and I think made it clear that he was not making a definite, positive statement. Under the circumstances, I think it might be well for the item to go over until we endeavor to ascertain just what the facts are.

Mr. JOHNSON. Mr. President—

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from California?

Mr. LA FOLLETTE. I do.

Mr. JOHNSON. I was going to suggest, very mildly, that we might take our recess at this time until to-morrow, and then perhaps we will have the information at hand.

Mr. LA FOLLETTE. Mr. President, in view of the fact that the committee has had this bill under consideration since last July, if the Senator from California thinks there is any chance that there will be any further information available within the next 24 hours, I am perfectly willing to have a recess taken at this time and let the matter go over until to-morrow morning.

Mr. BARKLEY and other Senators addressed the Chair.

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Kentucky, who has been on his feet for some time?

Mr. LA FOLLETTE. Yes; I do. I yield to the Senator from Kentucky.

Mr. BARKLEY. Mr. President, I desire to point out to the Senator that the Tariff Commission reports that imports since 1920 have been negligible, and the present duty was put on in 1922, two years later, so that under the Underwood Act for two years prior to the passage of the present law there were practically no imports.

While I am on my feet, I do not want to waste too much money talking, but I should like to call the Senator's attention to the fact—

Mr. LA FOLLETTE. It is perfectly all right, Mr. President. The Senator from Pennsylvania has burned up many thousands of dollars in the last few months.

Mr. BARKLEY. According to the same Tariff Information Summary, the export price of this product in Germany is 8.93 cents per pound. If we add to that the duty of 2½ cents, that makes almost 12 cents a pound, as compared with 6¼ cents as the price in the United States; so, according to that figure, I am unable to understand why even a 1-cent tariff is necessary.

Mr. LA FOLLETTE. It seems to me that on the information which is printed, and which therefore may be considered to be accurate in so far as it goes, we certainly would be justified in restoring the 1913 rate. I have made that motion; and if the Senator from Utah wants to take a recess, I am perfectly willing.

The VICE PRESIDENT. So that the Senate may understand what is before it, let the clerk state the amendment offered by the Senator from Wisconsin.

The CHIEF CLERK. In paragraph 18, page 7, line 6, the committee proposes to strike out "2½ cents" and insert "2 cents." The Senator from Wisconsin [Mr. LA FOLLETTE] proposes to strike out "2 cents" and insert "1 cent."

The VICE PRESIDENT. Without objection, the amendment will go over until to-morrow.

COTTON PRICES

Mr. ROBINSON of Arkansas. Mr. President, I ask leave to have printed in the RECORD an Associated Press dispatch appearing in this afternoon's Evening Star relative to the action of the Federal Farm Board with respect to the price of cotton. It is an interesting and rather important statement.

There being no objection, the dispatch was ordered to be printed in the RECORD, as follows:

[From the Washington Evening Star, October 22, 1929]

BOARD SEEKS RAISE IN COTTON PRICES—FARM GROUP PREPARES TO ADJUST MARKET AND ADVANCE LOANS TO GROWERS

As the first major step of its career, the Federal Farm Board has worked out a plan for improving the present price of cotton and is prepared to take similar action on wheat under a scheme to be announced later.

The board is of the opinion that prevailing cotton prices are too low, and believes the solution lies in more orderly marketing of this year's crop. It is prepared to lend an unlimited amount of money to the cotton growers, that they may hold their product off the market.

TOO RAPID MARKETING

Analyzing the present cotton market, the board is of the opinion that open fall weather in the Southern States has led to too rapid marketing, with world consumption meanwhile on a level equal to that of last year and the total supply of American cotton at a lesser stage than a year ago. More cotton, it believes, has been rushed into the market than it can temporarily absorb, with resulting depressed prices and lack of confidence in cotton values.

To assist the growers to hold back their crop and meanwhile meet their financial obligations, the board proposes to lend to cotton cooperatives, qualified as borrowers under the Capper-Volstead Act, "sums sufficient to bring the total amount borrowed from all sources by such associations to 16 cents per pound on graded and classed cotton, basis middling $\frac{7}{8}$ -inch staple, less proper deductions to cover freight charges."

TO DRAW ADVANCES

In a statement announcing its plan, the board pointed out that there is a cotton cooperative in every cotton-growing State open to membership of every cotton farmer. The grower may join the cooperative, the statement continued, ship his cotton to its concentration point, and draw his advance after it has been graded and classified.

The cooperative will market the cotton in orderly fashion through the year, said the board, and will finally settle with the farmer "on the basis of the final price obtained."

The statement went on to express the board's confidence in the soundness of the scheme, asserting it to be a "completely safe basis for making loans" from the revolving fund established by the farm relief law.

"The board places no limit on the amount of Government money to be so loaned," the statement said. "Nearly \$100,000,000 is available for the purpose, and, if necessary, the board will ask Congress to appropriate more."

SPOT MARKET DESIGNATED

The board said 10 designated Southern spot markets would be used for classification of the loans.

The loan per pound will be approximately as follows at the different markets: Norfolk, Va., 16.54 cents; Augusta, Ga., 16.35 cents; Savannah, Ga., 16.28 cents; Montgomery, Ala., 15.64 cents; New Orleans, La., 16.59 cents; Memphis, Tenn., 15.39 cents; Little Rock, Ark., 15.41 cents; Dallas, Tex., 15.34 cents; Houston, Tex., 16.19 cents; and Galveston, Tex., 16.39 cents.

At all other concentration points loans will be made on the same basis with proper adjustments on account of freight and other expenses.

RECESS

Mr. SMOOT. Mr. President, it would be useless to try to take up casein to-night. I therefore move that the Senate take a recess until to-morrow morning at 10 o'clock.

The motion was agreed to; and (at 5 o'clock and 43 minutes p. m.) the Senate took a recess until to-morrow, Wednesday, October 23, 1929, at 10 o'clock a. m.

SENATE

WEDNESDAY, October 23, 1929

(Legislative day of Monday, September 30, 1929)

The Senate met at 10 o'clock a. m., on the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum. The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Allen	Fletcher	Jones	Sheppard
Ashurst	Frazier	Kendrick	Shortridge
Barkley	George	Keyes	Simmons
Bingham	Gillett	King	Smoot
Black	Glass	La Follette	Steak
Blaine	Glenn	McKellar	Stelwer
Blease	Goff	McMaster	Swanson
Borah	Goldsborough	McNary	Thomas, Idaho
Bratton	Gould	Moses	Thomas, Okla.
Brock	Greene	Norbeck	Townsend
Brookhart	Hale	Norris	Trautman
Broussard	Harris	Nye	Tydings
Capper	Harrison	Oddie	Vandenberg
Caraway	Hastings	Overman	Wagner
Connally	Hatfield	Patterson	Walcott
Copeland	Hawes	Phelps	Walsh, Mass.
Couzens	Hayden	Pine	Walsh, Mont.
Cutting	Hebert	Pittman	Warren
Dill	Heflin	Ransdell	Waterman
Edge	Howell	Robinson, Ind.	Watson
Fess	Johnson	Schall	

Mr. FESS. The junior Senator from Ohio [Mr. BURTON] is still detained from the Senate on account of illness. I ask that this statement may be allowed to stand for the day.

Mr. SCHALL. My colleague [Mr. SHIPSTEAD] is absent, ill. I ask that this announcement may stand for the day.

The VICE PRESIDENT. Eighty-three Senators have answered to their names. A quorum is present.

POLICE DEPARTMENT OF THE DISTRICT OF COLUMBIA

Mr. BLEASE. Mr. President, some time ago I introduced a resolution in reference to the police department of the District of Columbia. When the Senate saw fit to adopt the resolution I presented to the subcommittee of the Committee on the District of Columbia, to which my resolution was referred, certain proof or alleged proof in reference to the matters mentioned. I shall not take the time to read it because I know the Senate is anxious to get along with its work on the tariff bill and I hope it will do so, but I ask to have published as a part of my remarks a list of the evidence and of the witnesses, together with a list of letters and other data filed with the subcommittee.

The VICE PRESIDENT. Without objection, it is so ordered. The matters referred to are as follows:

1. Article headed "Local Chinatown."
2. Newspaper article from Daily News, August 9, 1929.
3. Hudnaw case: Papers, testimony, etc., by W. E. Lawson, 629 F Street NW., who desires to appear before the committee.
4. Papers from Miss Davis, Winston Hotel, Washington.
5. Letter from Claud M. Johnson, 2750 Fourteenth Street NW.
6. Letter and copy of resolution from Henry Flury, Washington.
7. Letter from W. G. Bennett, Washington.
8. Papers and letter from Miss Mary M. C. Shipley, 1101 K Street NW.
9. Letter from Miss Margaret R. Duvall, Washington.
10. Letters from Hon. CARTER GLASS and Hon. CLAUDE A. SWANSON; also telegrams.
11. Letter from Oscar C. Thomas, Columbian Building, Washington.
12. List purporting to be staff of Leo A. Rover, district attorney.
13. Newspaper article, "Dope Prices Soaring," etc., Washington News, September 24, 1929.
14. Newspaper article, "Rover Statement Lauds Grand Jury," Washington Star, September 25, 1929.
15. Newspaper article, "Jury Bars Collins to Debate on Evidence," Washington Herald, September 26, 1929.
16. "Narcotic Ring Hinted Behind Nurses Death," Washington Post, October 16, 1929.
17. "Slain Nurse Seen as Dope-Ring Tool," Washington Post, October 17, 1929.
18. "Police Still Work on Scrivener Case," Washington Post, October 17, 1929.
19. "Answer to Graft Charges," etc., Washington Post, October 17, 1929.

Witnesses who either themselves request to appear before the committee or were suggested by interested parties:

Sergt. Minor Furr, No. 7 police precinct.
Pvt. Harry A. Reed, No. 7 police precinct.
Sergeant Bahner, No. 1 precinct. First man to reach Scrivener's body.

Policeman Robert J. Allen, No. 8 precinct.
Mr. Howe Totten, Benedict Apartments, 1808 I Street NW.
Sergeant Waldron.
Sergeant Sweeney.
Detective Sergeant Sanders.
Detective Sergeant Mansfield.
Narcotic Inspector Rakusin.
Narcotic Inspector Fortner.
Narcotic Inspector McDonald.

Inquire of commissioners if an act was passed for them to establish a new fire station and that no building was put up, but the additional men for said new station were hired; and if so, are they still in the service and where employed?

(Filed with the committee, October 17, 1929.—BLEASE.)

Mr. BLEASE. I also ask to present for the RECORD a letter received this morning from M. F. Robinson inclosing two newspaper clippings in reference to conditions in the District of Columbia.

The VICE PRESIDENT. Without objection, it is so ordered. The letter and newspaper clippings are as follows:

WASHINGTON, D. C., October 22, 1929.

Senator BLEASE.

DEAR SIR: If you will take time to read the inclosed clippings, you may have an idea—a very slight one—of what the people of Washington have been compelled to endure for years, and how persons who possess information inimical to the gang of ruffians which compose the police department are intimidated and persecuted when they make it known.

The decent people of the city—and there are a few—stand behind you in your efforts to expose the scoundrels who at present render it a national disgrace.

Yours truly,

M. F. ROBINSON.